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WITH CASTRO STEPPING DOWN, WHAT IS NEXT FOR CUBA AND THE WESTERN HEMISPHERE?

HEARING

BEFORE THE

SUBCOMMITTEE ON
THE WESTERN HEMISPHERE

OF THE

COMMITTEE ON FOREIGN AFFAIRS
HOUSE OF REPRESENTATIVES

ONE HUNDRED TENTH CONGRESS

SECOND SESSION

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WITH CASTRO STEPPING DOWN, WHAT IS NEXT FOR CUBA AND THE WESTERN HEMISPHERE?

WEDNESDAY, MARCH 5, 2008

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON THE WESTERN HEMISPHERE,
COMMITTEE ON FOREIGN AFFAIRS,
Washington, DC.

The subcommittee met, pursuant to notice, at 2:15 p.m., in room 2175, Rayburn House Office Building, Hon. Eliot L. Engel (chairman of the subcommittee) presiding.

Mr. ENGEL. We are expecting votes on the House floor fairly soon, but I am going to open the hearing, and we will see if we can get as many opening statements as we can before the actual votes are on the floor.

The Subcommittee on the Western Hemisphere will come to order, a quorum being present.

And, let me say it is my pleasure to welcome you to today's hearing on what is next for Cuba and the Western Hemisphere. As always, it is an honor and a privilege to have my friend, Assistant Secretary of State for Western Hemisphere Affairs Tom Shannon here with us.

Thank you, Mr. Secretary.

I initially intended for today's hearing to be an overview on United States policy toward Latin America, but with the recent news of Fidel Castro stepping down from power, I decided to more heavily focus on the road ahead in Cuba. That said, I hope today's hearing will allow members to get a better sense of both the situation in Cuba and what is next for us with Castro's leaving and broader events, as well, in the Western Hemisphere. And given the troubling events this past weekend in Venezuela, Ecuador and Colombia, I believe there will be plenty to talk about today.

When you ask most people in the United States about Latin America, one of the first things that comes to mind is Fidel Castro. His oppressive rule of Cuba over the past half-century is undeniable. I have always argued that dictators from the left should be thought of no differently from dictators on the right. Those who try to romanticize Fidel Castro's rule of Cuba, I believe, are simply fooling themselves. He has oppressed his people, restricted all forms of expression and locked up all opponents of his rule. These are basic violations of the Universal Declaration of Human Rights and the Inter-American Charter.

For me, the litmus test in each administration is political pluralism. And Castro certainly has not allowed that during his rule. It is very interesting that now, after stepping down, he is writing his views and writing his expressions from "Comrade Fidel," but it is interesting to note that if any of his countrymen were to do the same and expressed views that were different from the government, they would probably be arrested. So, he wants for himself the ability to write his views but denies that to his fellow countrymen.

I truly hope the departure of Fidel Castro will be a step in the transition to a free and democratic Cuba. But wishful thinking is one thing; we have to look at reality. And, unfortunately, Raul Castro's track record on human rights and democracy seems to be no better than that of his brother.

To set the record straight from the start, I have been a long-time supporter of the United States embargo on Cuba. I know that there are members on both sides of the U.S. policy debate on this subcommittee, and I believe we should hear and respect all views.

Some argue that, with the passing of the torch from Fidel to Raul, nothing will change, and therefore neither should United States policy toward Cuba change. Others say that, now that Fidel is out of power, we should lift the embargo and change the direction of U.S. policy toward the island. Many on that side of the issue have also argued that it doesn't matter whether it is Fidel, Raul or anyone else in power, they believe the trade embargo and other restrictions should have been lifted a long time ago.

We all know that there are repercussions that come with a change in U.S. policy, staying the course or even something in the middle or in between the two extremes. This hearing should explore the repercussions that will come with future United States policy toward Cuba.

We should also ask ourselves whether we should act first in dealing with Raul Castro or if we should wait for Raul to act. There is clearly a profound denial of political pluralism in Cuba, as I mentioned before, and all of us, regardless of where we stand on United States policy toward the island, want to see democracy in Cuba. The issue is how best to achieve this democracy.

I agree with my friend, Senator Bob Menendez, who recently said that "here in the United States, it is time to further nurture the human rights activists, political dissidents and independent-minded journalists inside of Cuba who have a capacity to stoke the movement toward freedom." He is absolutely right, and I believe we must stay with the Cuban people, who continue to courageously fight for freedom on the island.

Since Raul Castro officially took the reins of power in Cuba, some believe that he has sent some positive signals to the international community. Others believe the opposite. We must examine closely which is more accurate.

For example, in his first state reception as President of Cuba, Raul Castro met with the Secretary of State of the Vatican, a longtime critic of Cuba's human rights record. And last Thursday, Foreign Minister Felipe Pérez Roque signed two U.N. treaties on human rights, the International Covenant on Civil and Political

Rights and the International Covenant on Economic, Social and Cultural Rights.

While this all may appear positive on the surface, we must also remind ourselves that little has changed on the island since Pope John Paul II's visit 10 years ago.

There is obviously much to cover here today vis-à-vis Cuba and hemispheric affairs more broadly. I know we are all very closely following the border crisis in the Andean region. Ranking Member Burton and Congressman Meeks and I sent a letter just yesterday, with 11 of our colleagues, urging the Organization of American States to send a high-level diplomatic mission to the Andean region to negotiate a reduction in tension between Ecuador, Colombia and Venezuela and to improve crisis communications and management. I will insert this letter into the record.

[The information referred to follows:]

Congress of the United States

Washington, DC 20515

March 3, 2008

The Honorable José Miguel Insulza
Secretary General
Organization of American States (OAS)
17th Street and Constitution Avenue, NW
Washington, D.C. 20006

The Honorable Cornelius A. Smith
Chairman
Permanent Council of the Organization of American States (OAS)
Permanent Representative of Bahamas to the OAS
17th Street and Constitution Avenue, NW
Washington, D.C. 20006

Dear Secretary General Insulza and Ambassador Smith:

We are writing you to express our concerns about the events that took place this weekend along the Ecuador-Colombia border and the subsequent actions taken by the Venezuelan government along the Venezuela-Colombia border. We do not want to pre-judge what happened, but instead respectfully request that the Organization of American States (OAS) send a high-level diplomatic mission to visit the three countries to gather facts on what happened and to negotiate a reduction of tensions and a better process of crisis communication between the three governments.

According to news reports, the Colombian army crossed a mile into Ecuador to attack a jungle camp maintained by the FARC guerrilla group and killed its second-ranking leader Raúl Reyes. This move led Ecuador to send troops to its border with Colombia and to withdraw its ambassador from Bogotá. Venezuelan President Hugo Chávez also sent tanks and ten battalions to the border with Colombia.

As Members of the United States Congress who are concerned about the stability of the politically and economically fragile Andean region, we believe that the OAS is best equipped to deal with this crisis. We also believe that this crisis highlights the need for an inter-American communications and crisis management strategy. Such a mechanism would establish an emergency consultative process when future crises occur in the Andean region or elsewhere.

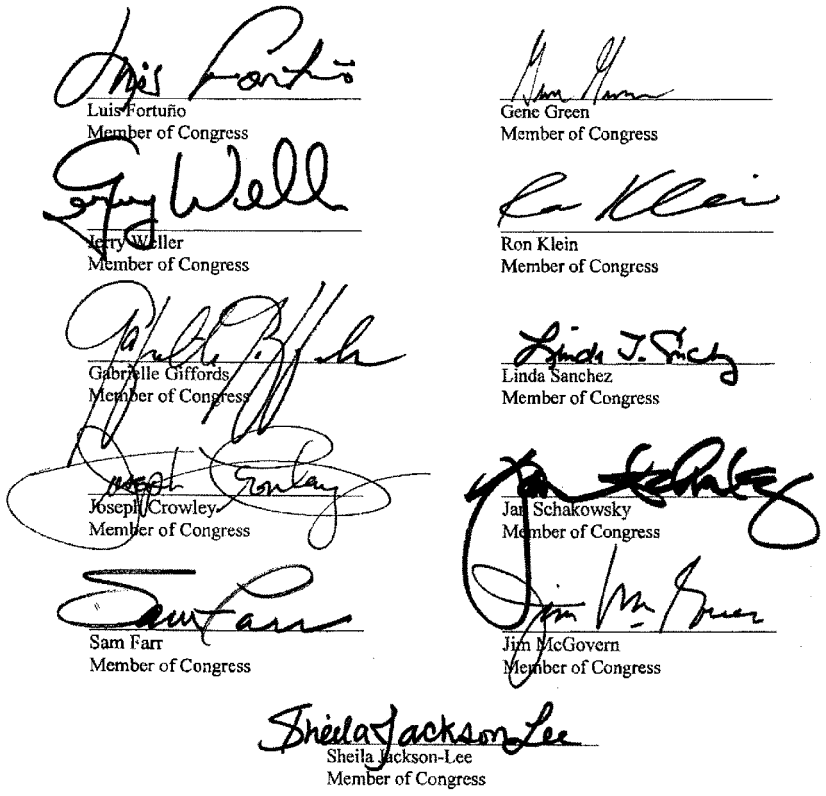
Again, we urge you to act quickly by sending a high-level diplomatic and fact-finding mission to the Andean region as soon as possible. We stand ready to support you as you carry out this crucial task.

Sincerely,

Eliot L. Engel
Chairman
Subcommittee on the
Western Hemisphere

Dan Burton
Ranking Member
Subcommittee on the
Western Hemisphere

Gregory Meeks
Member of Congress



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Member of Congress

Gene Green
Member of Congress

Jerry Weller
Member of Congress

Ron Klein
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Gabrielle Giffords
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Linda Sanchez
Member of Congress

Joseph Crowley
Member of Congress

Jan Schakowsky
Member of Congress

Sam Farr
Member of Congress

Jim McGovern
Member of Congress

Sheila Jackson-Lee
Member of Congress

Mr. ENGEL. In the interest of all parties, I hope that everyone can take a step back, take a deep breath and work toward a peaceful and amicable solution.

I know the OAS met yesterday to begin to resolve this conflict. And I offer my support and that of this subcommittee to the OAS as it moves forward.

Yesterday, President Bush spoke to Colombian President Alvaro Uribe about the border crisis. I hope that President Bush also quickly reaches out to Ecuadorian President Rafael Correa. I recently traveled to Ecuador and had a very positive meeting with President Correa. I am convinced that he is someone with whom the United States can and should work, and we should nurture that relationship with him and his government.

This week marks the 1-year anniversary of the U.S.-Brazil Memorandum of Understanding on Biofuels. This landmark agreement is bringing our two great nations closer together, while promoting alternative energy supplies in the hemisphere. I am looking forward to hearing an update on our progress under the accord and plans for next year.

As I mentioned, I recently returned from Ecuador, Bolivia and Argentina and a short visit to Colombia with Secretary of State Rice. I have learned that the United States has many friends in the region who want to see our presence, have our support and work with us in a variety of issues. We have made important progress in the last few years with Assistant Secretary Shannon leading the State Department's Latin American team, and I will continue to work with him to build strong relationships throughout the hemisphere.

There is much more to cover, but I will leave things here and hope that we can discuss these subjects and others in greater depth during the question-and-answer portion in today's hearings. I look forward to our witnesses' testimony, particularly the testimony on Cuba.

And I am now pleased to call on Ranking Member Burton for his opening statement.

[The prepared statement of Mr. Engel follows:]

PREPARED STATEMENT OF THE HONORABLE ELIOT L. ENGEL, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK, AND CHAIRMAN, SUBCOMMITTEE ON THE WESTERN HEMISPHERE

A quorum being present, the Subcommittee on the Western Hemisphere will come to order.

It is my pleasure to welcome you to today's hearing on what's next for Cuba and the Western Hemisphere. As always, it is an honor and a privilege to have my friend, Assistant Secretary of State for Western Hemisphere Affairs Tom Shannon, here with us.

I initially intended for today's hearing to be an overview on U.S. policy toward Latin America. But, with the recent news of Fidel Castro's stepping down from power, I decided to more heavily focus on the road ahead in Cuba. That said, I hope today's hearing will allow Members to get a better sense of both the situation in Cuba and broader events in the Western Hemisphere. And, given the troubling events this past weekend in Venezuela, Ecuador and Colombia, I believe there will be plenty to talk about today.

When you ask most people in the United States about Latin America, one of the first things that comes to mind is Fidel Castro. His oppressive rule of Cuba over the past half century is undeniable. I have always argued that dictators from the left should be thought of no differently from dictators on the right. Those who try to romanticize Fidel Castro's rule of Cuba are simply fooling themselves. He has oppressed his people, restricted all forms of expression, and locked up all opponents of his rule. These are basic violations of the Universal Declaration of Human Rights and the Inter American Charter.

I truly hope that the departure of Fidel Castro will be a step in the transition to a free and democratic Cuba. But, I also am no fool, and I know that Raul Castro's track record on human rights and democracy is no better than that of his brother.

To set the record straight from the start, I have been a longtime supporter of the U.S. embargo on Cuba. I know that there are Members on both sides of the U.S. policy debate on this Subcommittee, and I believe we should hear and respect all views. Some argue that with the passing of the torch from Fidel to Raul, nothing will change and therefore neither should U.S. policy toward Cuba. Others say that now that Fidel is out of power, we should lift the embargo and change the direction of U.S. policy toward the island. Many on that side of the issue have also argued that it doesn't matter whether it's Fidel, Raul or anyone else in power—the trade embargo and other restrictions should have been lifted a long time ago. We all know that there are repercussions that will come with a change in U.S. policy, staying the course or even something in the middle. This hearing should explore the repercussions that will come with future U.S. policy toward Cuba. We should also ask ourselves whether we should act first in dealing with Raul Castro or if we should wait for Raul to act.

There is clearly a profound denial of political pluralism in Cuba, and all of us—regardless of where we stand on U.S. policy toward the island—want to see democracy in Cuba. The issue is how best to achieve democracy.

I agree with my friend, Senator Bob Menendez, who recently said that "here in the United States, it is time to further nurture the human rights activists, political dissidents and independent-minded journalists inside of Cuba who have the capability to stoke the movement toward freedom." He is absolutely right, and I believe we must stand with the Cuban people who continue to courageously fight for freedom on the island.

Since Raul Castro officially took the reins of power in Cuba, some believe that he has sent some positive signals to the international community. We must examine closely whether this is accurate. For example, in Raul's first state reception as President of Cuba, Raul Castro met with the Secretary of State of the Vatican, a longtime critic of Cuba's human rights record. And last Thursday, Foreign Minister Felipe Perez Roque signed two U.N. treaties on human rights—the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights. While this all may appear positive on the surface, we must also remind ourselves that little has changed in Cuba since Pope John Paul II's visit 10 years ago.

There is obviously much more to cover here today vis-à-vis Cuba and hemispheric affairs more broadly. I know we are all very closely following the border crisis in the Andean region. Ranking Member Burton, Congressman Meeks and I sent a letter yesterday with 11 of our colleagues urging the Organization of American States (OAS) to send a high-level diplomatic mission to the Andean region to negotiate a reduction in tensions between Ecuador, Colombia and Venezuela and to improve crisis communications and management. I will insert this letter into the record. In the interest of all parties, I hope that everyone can step back, take a deep breath and work towards a peaceful and amicable solution. I know that the OAS met yesterday to begin to resolve this conflict, and I offer my support and that of this Subcommittee to the OAS as it moves forward.

Yesterday, President Bush spoke to Colombian President Álvaro Uribe about the border crisis. I hope that President Bush also quickly reaches out to Ecuadorian President Rafael Correa. I recently traveled to Ecuador and had a positive meeting with President Correa. I am convinced that he is someone with whom the United States can and should work.

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As I mentioned, I recently returned from Ecuador, Bolivia, and Argentina, and a short visit to Colombia with Secretary of State Rice. I have learned that the United States has many friends in the region who want to see our presence, have our support, and work with us on a variety of issues. We have made important progress in the last few years with Assistant Secretary Shannon leading the State Department's Latin America team, and I will continue to work with him to build strong relationships throughout the hemisphere.

There is much more to cover, but I will leave things here and hope we can discuss these subjects and others in greater depth during the question and answer portion of today's hearing.

I am now pleased to call on Ranking Member Burton for his opening statement.

Mr. BURTON. Thank you, Mr. Chairman.

Welcome, Secretary Shannon. It is good to see you again. I see you so much, I feel like you are a relative.

I am going to submit my opening statement for the record, but I would like to make just a few comments.

Cuba, under Raul Castro, I don't think is going to change a great deal. And we need to keep the pressure on them as much as possible to force the issue. I don't think Raul can hold things together like Fidel did. But only time will tell.

I am also concerned, I would like for you to address, if you would, when you get to your statement, Mr. Secretary, the support that Venezuela has been giving Cuba and how much, if we have any information on that regarding Chavez.

Also, I would like to talk about Colombia and the kinds of problems they are having in dealing with the FARC, especially since

Venezuela and Bolivia seem to have recognized them. According to the U.N. resolution, I understand they are supposed to deny safe haven to those who finance, plan, support or commit terrorist acts or provide safe haven. And it appears as though Mr. Chavez and his regime down there has decided to not recognize that resolution and has himself recognized the FARC guerrillas as just some kind of a political organization rather than a terrorist group, as all of us know they are. Also, I would like to know if you can give us more information on how many times and how often the FARC have been moving into Colombia, attacking, and then going back into Venezuela and Bolivia for safety.

I would like to also have you comment—and I am sure you will—on the free trade agreement that we have seen pass for Peru and also the other trade advancements that we have made, except for the trade agreement with Colombia, which we all want to see happen very quickly.

Other than that, I think I will just wait until we get to the question-and-answer period, because I think we are going to have some votes on the floor very quickly here, and I want to make sure that all of our colleagues get a chance to comment. So I will submit the rest of my statement for the record, Mr. Chairman.

[The prepared statement of Mr. Burton follows:]

PREPARED STATEMENT OF THE HONORABLE DAN BURTON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF INDIANA

Thank you, Chairman Engel, for calling this timely hearing to address the U.S. relationship with Latin America, especially at this important time as the 49-year long dictator of Cuba, Fidel Castro, has resigned his position.

This is a great time for change and development in Latin America. Starting with Colombia, there is nothing more exciting than witnessing a country go from a border-line failed state to a country where democracy, education, trade and business are flourishing . . . benefiting the people of the country as well as the region. Congressional passage of the Colombia Trade Promotion Act (TPA) will only serve to augment this progress.

Unfortunately, in the case of Cuba, the Cuban parliament passed up an opportunity to impact great change in their country by selecting Raul Castro as Cuba's new President. Under the Helms-Burton policy signed into law in 1996, the U.S. is prohibited from recognizing transitional governments in Cuba under Fidel or Raul Castro.

I have been very impressed with this Administration's involvement in the region this past year. The focus on eradicating the growth and trafficking of drugs has been tremendous, as has the Administration's commitment to struggling countries, such as Haiti—the poorest country in the Hemisphere. Also, the deepening of relationships throughout the Hemisphere—by passing the TPA with Peru, expanding biofuels cooperation with Brazil, exploring new ways to work together to bolster the drug fight with Mexico as well as negotiating a TPA with Colombia—are important to their country's growth and the United State's relationship with the Hemisphere in general. From these deepening relationships, I expect to see improvements in areas that have long plagued relations, such as the unacceptable state of the immigration process along the southern border that we share with Mexico.

Meanwhile, many of the thorns in our side still exist in the negative state in which they have been festering for years. The erratic action of the leaders in Bolivia and Venezuela, and after this past weekend's events possibly Ecuador, concern me with their ability to upset a fragile balance that is taking hold in the region. We have known for some time that Venezuela has been amassing weapons and airpower from Russia. It now appears that they are willing to use such items against their neighbors who are fighting terrorists and succeeding in establishing a safe environment for democratic representation. Meanwhile, just last week the President of Bolivia praised street protesters who blocked opposition lawmakers from attending a congressional session to approve the President's proposed constitution. Cuba is also closely tied to these trouble spots, and it is my hope that Raul will see the negative

results of these relationships and start to turn the tide. Unfortunately, that may be a bit optimistic at this point.

As always, there is more that can and should be done. The steady supportive hand, unaltered by the negative rhetoric coming from some parts of the region, provided by the U.S. over the past few years has yielded a measured amount of success. We must continue to build two-way relationships with our old and new partners in the Hemisphere, and the U.S. Congress must follow through and do our part to fulfill these objectives. It is important for the people of Central and South America, as well as for our own citizens, that we continue to engage in this positive way in our own back yard.

I would like to thank Assistant Secretary Tom Shannon for being here today to discuss these timely issues with us, as well as our experienced private sector witnesses on the second panel. I look forward to hearing your personal perspectives on how to best address these changes taking place in the region.

Mr. ENGEL. Okay. I am told we have just one vote on the floor, so it is probably best if we left and voted and came back. And so we will do it quickly. We will stay——

Mr. BURTON. One second. How much time do we have on the clock?

Mr. ENGEL. I think we have about 6 or 7 minutes until we vote. So, if that is all right with the rest of the subcommittee, we will call a brief recess. We will come back immediately after the vote. So, we stand in recess.

[Recess.]

Mr. ENGEL. The hearing will come to order.

Is there any member who wishes to make an opening statement?

Okay, Ms. Sánchez.

Ms. SÁNCHEZ. Thank you, Chairman Engel, for calling this timely hearing. We have a great opportunity this afternoon to openly and frankly discuss the various aspects of America's foreign policy toward Cuba.

Fidel Castro's long-awaited resignation from the post of President of Cuba raises many questions about the future of Cuba and our policy toward it. With the ascension of Raul Castro as Cuba's new head of state, will that bring change or just more of the same? Will there be an opportunity for political and economic reform, or will there be an even greater crackdown on dissidents?

The real question that I am interested in exploring this afternoon is, does the United States continue using the same techniques on this waning dictatorship with the hopes of pushing yet another Castro from power, or do we engage Cuba with a new, reassessed strategy?

I think we can't afford to ignore the ineffectiveness of United States foreign policy toward Cuba. Our current approach has failed to hurt the Castro dictatorship for 4 decades, and, instead, it has frequently hurt the Cuban people themselves. More of the same is unlikely to work now. So we need to consider the possibility of helping create change through economic engagement instead of isolation.

Cuba is young. A generation is ready and eager to move beyond the economic struggles and political constraints that they have known all their lives. Two-thirds of Cubans have known no other ruler other than Fidel Castro. Although there is disagreement on this committee on the approach the United States should take when engaging Cuba, I believe everyone here can agree on one

thing: That the liberty, well-being and prosperity of Cuba's people should come first.

I look forward to hearing from our distinguished panelists, and I hope that this can provide a productive discussion on this important topic.

And, again, I would like to thank the chairman, and I yield back the remainder of my time.

Mr. ENGEL. Thank you.

Mr. Mack?

Mr. MACK. Thank you, Mr. Chairman. Thank you for calling this hearing, and I think it is pretty timely, with the events that have happened in Latin America recently.

I think Mr. Shannon knows where I am on most of these issues. Also interested to hear comments about whether or not you believe, Mr. Shannon, that Hugo Chavez and others in Latin America attempt to play a role in Cuba. And also, you know, I think it is a pretty dangerous scenario that we have in Latin America, and my belief has always been that the real threat with Hugo Chavez is when he becomes desperate. What does he do when he becomes desperate? And I think we are starting to see some of the things that he is doing and capable of doing now. And I think the desperation comes out of the referendum that he lost. He sees that maybe his power in Venezuela might be waning a little bit.

And, again, I think these are dangerous times. I would like to work with my friends on the other side, Mr. Delahunt and others, on ways that we can come together and find out how we support the people of Latin America. Because, at the end of the day, I think that is the kind of support we need to show, to show the people of Venezuela and Latin America that we care about them, that we support them. It is the government, that I believe is destroying freedom and democracy down there, that we are against.

So, Mr. Chairman, thank you for having the hearing. I am pleased to be here and be a part of it, and I look forward to the discussion.

Mr. ENGEL. Thank you very much.

Mr. Sires?

Mr. SIRES. Thank you, Mr. Chairman. I am going to be brief on my remarks, but I would like the remarks to, for the record, be submitted.

Mr. ENGEL. Without objection.

Mr. SIRES. You know, I arrived in this country at the age of 11. I was born in Cuba. I experienced what it was like to live under Castro. I still have relatives there—aunts, cousins, which I never met.

But one thing is clear: Obviously Castro can't handle it anymore. He would not have surrendered the reins if he had the ability to govern. But I am very concerned in the direction that the island is going with his brother; the people that his brother has surrounded himself with, hardline Communists. And I would hate to see the same type of government to rule for another 50 years.

So I basically would like to hear what you have to say. I am open to any of your remarks.

And I would like to say that I know Chavez plays a role in what is going on in Colombia, but I think I would like to have a—if pos-

sible, request a hearing just on Colombia, Ecuador and Venezuela. I already submitted a letter to the chairman, because I think that is very, very important.

But I want to thank you for having this hearing. It is really timely and important.

[The prepared statement of Mr. Sires follows:]

PREPARED STATEMENT OF THE HONORABLE ALBIO SIRES, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW JERSEY

As a Cuban-born American, I have awaited for the time when Fidel Castro would no longer exert unwavering power over the island of Cuba, and while I was pleased to hear of Fidel's resignation last month, his resignation does not mark the end of brutal oppression in Cuba.

Despite the Cuban legislature's selection of Raul Castro as President of the Council of State, very little has and will change in Cuba. Jose Ramon Machado Ventura, a fellow communist and close friend of Raul, was selected as the Council of State's First Vice President. On top of that, numerous military officers, also friends of Raul Castro, became members of the Council, increasing the role of the military in the already repressive government.

The Cuban Regime, under Raul as under Fidel, has a long history of denying its citizens the basic rights of free expression, association, and assembly. This regime restricts nearly all political dissent. It unjustly imprisons dissidents for their political beliefs and employs roaming mobs that attack dissidents in order to quiet its opponents. There are currently over 200 political prisoners held in Cuba.

While Raul Castro has allowed some criticisms to be aired in Cuba, he does not represent a break from the past in anyway, especially as long as Fidel is his top advisor.

Despite the constant violations of basic human rights, the unjust imprisonments, the attacks by roaming mobs, and the fear of government retribution, the Cuban people's desire for freedom continues to grow. It is our responsibility to support the pro-democracy movement as it continues to organize and prepare to assume their role in a process of democratic transition.

Cuba must immediately release all political prisoners. Cuba must observe and protect human rights in action, not in rhetoric. Cuba must allow and respect civil liberties, including freedom of the press and freedom of religion, and Cuba must hold free and fair elections.

Also, as the subcommittee examines U–S—Cuba policy, it is important to examine our relationship with the region as a whole. Despite promises to focus on the social ills and inequalities facing the Western Hemisphere, the Administration has taken little action.

I look forward to hearing from our distinguished panelist regarding the possibility of transition in Cuba, and I look forward to working with the Chairman and Subcommittee to ensure that we take advantage of every opportunity to support the Cuban people and their transition to democracy.

Furthermore I look forward to working with the Subcommittee to find common ground between our goals of democracy and prosperity for the entire region and the F–Y 2009 budget proposal.

Thank you Mr. Chairman.

Mr. ENGEL. Thank you very much.

Mr. Smith?

Mr. SMITH. Thank you very much, Mr. Chairman. I want to commend you, as well, for convening this very important hearing.

The day that Fidel Castro announced that he would not return to power was the day that we had all been waiting for, and many of us for a long, long time. And I am interested to hear what our witnesses have to say about what lies ahead for Cuba and how they see the many other important regional issues that we face today, especially Chavez's reckless saber-rattling invective. Many of these challenges are interrelated, as we all know.

On Cuba, the focus of today's hearing, I can sum up my thinking quite simply: We have no reason to think that a substitution of dictator for another will make any difference for its suffering people.

For years, Raul Castro has participated in every aspect of the Cuban regime's totalitarian rule. We cannot compromise with him any more than we could compromise with Fidel. Human rights are not negotiable, not under Fidel, not under Raul, not under any leader who holds his people at his mercy.

Raul has already given us, during the period in which he has held interim power, plenty of reason to doubt that he will ever take a different course from his brother. In 2007, the government arbitrarily detained more than 300 people for varying periods of time. There are other instances of abuse such as when, in December, plain-clothes police kicked their way into a church in Santiago. They beat a group of dissidents inside and used pepper spray on them. And the list goes on.

Mr. Chairman, the Cuban state presides over a despicable system of internal human rights trafficking that results in the widespread sexual exploitation of women and children. According to the U.S. Department of State, Cuba is a Tier 3 country, it is an egregious violator of human trafficking. The country is a major destination for sex tourism, including child sex tourism. Cuba's thriving sex trade caters to thousands of European, Canadian and Latin American tourists every year. It involves large numbers of human girls and boys, some as young as 12. State-run hotel workers, travel employees, cab drivers and hospitality staff and police steer tourists to prostituted women and children and facilitate the commercial sexual exploitation of these women and children.

Still, even when these types of human rights abuses are pointed out, some have still called for a new approach to Cuba in light of Raul's formally taking power. As I have said before, I don't see how a unilateral change in U.S. policy would encourage Raul to loosen his hold on the throats of his own countrymen.

If trade promoted human rights, Mr. Chairman, I would be the first person to call for a free-trade pact for Cuba. But we have seen in the years of trade that Cuba has already enjoyed, especially with our friends in Europe, there has been no such link. There has been no amelioration of the human rights abuses.

Meanwhile, 55 of the 75 peaceful activists that Fidel rounded up and jailed in March 2003 are still languishing in prison. In all, there are some 230 political prisoners who remain behind bars in conditions which the United States State Department has described as harsh and life-threatening, where there is torture, both physical and psychological.

Just recently, a bipartisan group of lawmakers, including Ileana Ros-Lehtinen, Mario and Lincoln Diaz-Ballart, my good friend and colleague from New Jersey Mr. Sires, joined me in nominating Oscar Biscet and his fellow prisoners of conscience for the Nobel Peace Prize. Dr. Biscet, as most of you know, is the peace-loving doctor and human rights activist who was locked up by Castro because he spoke up for victims in Cuban society. He has become a symbol of the regime's cruelty, and currently endures horrific conditions in what has become Raul's gulag.

Raul could signal his intention to take a different course by freeing Dr. Biscet and other prisoners of conscience who suffer with him. I call on him to do so and pray that he will. But until he does, Mr. Chairman, it will be premature, at least, for me to advocate,

or anyone else, any change in policy toward Cuba, any premature reward for Raul, just for accepting his position as the new Cuban dictator. Until Raul takes concrete steps on human rights, it will be hard to believe that his Cuba will be different from the police state he helped create.

I yield back the balance of my time.

Mr. ENGEL. Thank you.

Mr. Faleomavaega?

Mr. FALEOMAVAEGA. Thank you, Mr. Chairman, for calling this hearing this afternoon. I want to commend your leadership and proactive standing in always not only calling hearings but bringing it to the attention to our colleagues and to the public the importance of our Latin American brothers and sisters.

I have said over the years—and this is not a criticism of Republicans, but I honestly believe that both Republican and Democratic administrations—it seems that our policy toward Latin America, Cuba included, has always been one of negligence, indifference, and never seems to really give the proper attention to the needs of some 450 million people who live in this part of the world.

Mr. Chairman, I look forward to hearing from Secretary Shannon in his remarks. I remember a couple years ago when I went to Havana, Cuba, attending a decolonization meeting under the auspices of the U.N., and of course the criticism was always abound in telling how colonial and imperialistic the United States has been over the years. One of the interesting things that I find is somewhat of a contradiction, while we have been very faithful in putting sanctions against Cuba, but I see tourists from all over Europe as being part of the big market area in terms of the economy, how Cuba has been able to sustain its economy, mainly because of the support that it gets from the European countries and the tourism that is promoted there.

One of the things that I was a little surprised is that we haven't even the presence of our Embassy, unofficially, but some 200 of our Foreign Service officers live and serve there in Havana, Cuba, for some reason or another, in terms of what we should be doing in dealing with the people in Cuba.

I welcome the dialogue and the discussion of the question of Cuba.

I was in Colombia just about 2 weeks ago with Chairman Ortiz, and, again, the problem that now is getting into the situation with Colombia and Ecuador and Venezuela, very serious, in my humble opinion. The question is: What are we doing other than just reacting to the given situations? Where sometimes we become very reactionary and not proactive, in terms of how we should deal with the countries in Latin America.

Again, Mr. Chairman, I thank you for calling this hearing. And I look forward to hearing from Secretary Shannon and our experts on Latin America. Thank you.

Mr. ENGEL. Thank you very much.

Mr. Delahunt?

Mr. DELAHUNT. Mr. Flake?

Mr. ENGEL. Well, Mr. Flake is not a member of the subcommittee. So we will go to you, and then we will go on to Mr. Flake.

Mr. DELAHUNT. Oh, okay.

Well, I also want to commend the chairman. And I, unfortunately, have other commitments. But I suspect I know the position of the administration when it comes to Cuba, so that there wouldn't be much new that I would hear.

But I think that Congressman Smith makes a point. There ought to be a challenge to the new Cuban Government. And I dare say that we could begin by challenging the Cuban Government to end restrictions on the part of Cubans leaving the country, ending the so-called "exit visa" or the carta blanca. And we, in return, could allow Cuban-American families, relatives here, to go to Havana to meet with and provide support, both emotionally and otherwise, to their families back in Cuba. I think that is the kind of challenge that all sides could give thoughtful consideration to.

But I came here today because I wanted to at least make an observation about the crisis in the Andean region between Venezuela, Ecuador and Colombia.

And I wanted to commend the chairman and the ranking member, along with those of my colleagues who signed on to the letter to the OAS asking for their intervention. I would hope, before we reach conclusions, that the OAS would take action in a thoughtful, deliberative way to determine what the facts are, rather than having merely opinions over time become fact. I think that is very important. And I think that all three governments could easily ascribe to that particular approach.

And I think it is important for us also to note that, despite the differences between President Chavez and President Uribe, that in the past several months there has been a humanitarian release of six hostages held by the FARC. I had an opportunity to meet with two of those families, one whose father had been incarcerated—was the longest-serving of the hostages, if you will. And the daughter, Angelina Pérez, I noted that she was getting married soon and that I hoped her father would be able to walk her down the aisle. He is going to be able to walk her down the aisle. I met with that family in Bogota. In Caracas, I met with three sons who had not seen their mother for 6 years.

So I think it is very, very important that we encourage both Hugo Chavez and Alvaro Uribe to take all the necessary steps that would lead to the humanitarian release of the other hostages. I think this is an issue that should not be jeopardized by the current tension that exists between those three countries. And let's keep our eyes on that. This is not about politics. This is something that I think all sides should ascribe to.

And, with that, I will yield back.

Mr. ENGEL. Thank you.

Mr. Flake, it is a pleasure to welcome you to the subcommittee. Mr. Flake.

Mr. FLAKE. I will forgo the statement. I just appreciate being here today and look forward to the hearing.

Mr. ENGEL. Okay.

Well, then, Mr. Secretary, we are all ears. Welcome, and we look forward to hearing your testimony.

STATEMENT OF THE HONORABLE THOMAS A. SHANNON, JR., ASSISTANT SECRETARY, BUREAU OF WESTERN HEMISPHERE AFFAIRS, U.S. DEPARTMENT OF STATE

Mr. SHANNON. Mr. Chairman, thank you very much—Mr. Burton, members of the committee. I do appreciate the opportunity to appear before you today and address issues of importance to the United States and the Americas.

I have submitted testimony for the record that addresses our broader foreign policy priorities in the Western Hemisphere and which highlights important bipartisan achievements in a region important to the United States and the well-being of our people.

In communication with the chairman and members of the subcommittee's staff, it was our understanding the subcommittee also wanted to focus on Cuba and the recent events in the Andes. And I am very happy to do so, and will dedicate my initial remarks to these two areas.

However, I would like to start by calling attention to the submitted testimony. Specifically, I would like to highlight how the administration and the Congress, working within a bipartisan framework, have significantly enhanced and reshaped our engagement in the Americas.

Across the board, our indicators of engagement are moving in a positive direction. We have significantly increased our foreign assistance, created new funding mechanisms, put more Peace Corps volunteers on the ground, built an impressive array of trading relationships, forgiven debt, and reduced the transfer costs of admittances. Also, our political and diplomatic outreach in the region has expanded. Travel to the region by the President, members of the Cabinet, and Members of Congress is at an all-time high. We are committed to effective multilateralism through the summit process and the Organization of the American States, and we have articulated of our engagement in the region in terms of a larger social justice agenda that resonates positively.

As we look to the future, the United States is well-positioned to build an enduring agenda for hemispheric engagement that will benefit the United States and our partners in the Americas. We urge the Congress to continue to work with us as we build a long-term, sustainable relationship with our hemisphere.

In this environment, recent events in Cuba become of particular significance for the United States and the region. How the democracies of the Americas helped Cuba find its democratic vocation and help the Cuban people enjoy fundamental freedom and liberties, obtain the resources and opportunities to achieve their national destiny and fulfill their individual potential, and reintegrate a democratic Cuba into the inter-American system will reverberate through the region.

We believe we are at an important moment in this process. The transfer of power within Cuba and the selection of a successor government underscores the inherently conservative nature of the Cuban regime. Its focus is on control, both within the regime and within larger Cuban society.

It is not yet clear whether the regime has the institutional capacity or the political vision to manage the clear expectation of change by Cubans. What is clear to us, however, is that it will be the

Cuban people who will be the primary drivers of change in Cuba. A people that has been victimized over 5 decades will become, sooner or later, the protagonists and principal actors in Cuba's liberation.

To achieve enduring and peaceful change in Cuba, we believe that the regime needs to begin a dialogue with the Cuban people. We also believe that this dialogue cannot be channeled through traditional state mechanisms of social and political control. Furthermore, for the dialogue to be meaningful, it must take place without the fear of arrest and imprisonment. To this end, we urge the Cuban Government to release all political prisoners, guarantee fundamental human rights, and construct a clear pathway to free and fair elections.

Our policy regarding Cuba and our ongoing assistance programs are aimed at enhancing the ability of Cuban civil society to demand and obtain a voice and a role in shaping Cuba's future.

Our diplomacy is aimed at building broad consensus within the international community in support of a peaceful democratic transition in Cuba. It is also aimed at taking advantage of the diversity of international voices to promote democratic change in all sectors of Cuban society.

We recognize that not all our partners agree with all aspects of our Cuba policy, especially in regard to the embargo and sanctions. However, we believe we have found important common ground in a shared vision of a democratic Cuba. We will use this shared vision as we engage our partners and as we express our solidarity with the Cuban people.

In regard to recent events in the Andes, the Colombian military action that killed FARC secretariat member Raul Reyes represents a significant setback for a foreign terrorist and drug-trafficking organization. It also underscores the important advances made by the Colombian Government and the Colombian people in asserting the sovereignty of Colombia's democratic state and its inherent right to defend itself. Our response has been one of solidarity, as expressed yesterday by President Bush.

We recognize that the military action has become a source of diplomatic friction and controversy between Colombia and Ecuador, leading to a break in diplomatic relations. This issue now lies with the Permanent Council of the Organization of American States, where it is being discussed today. And it is my understanding that they are coming to a conclusion, in terms of a resolution that all parties can agree to. We believe the OAS is the proper venue for this issue. And it is our hope that the Permanent Council will find a way to address the concerns of Colombia and Ecuador so that both parties can understand what happened, why it happened, and take the necessary steps to ensure it does not happen again.

However, we also believe that this specific incident points to a larger issue that must be addressed within the OAS: The way in which organizations such as the FARC use borders and uncontrolled frontier areas as sanctuary or as secure operational and logistic bases.

Historically, the security agreements and practices of the inter-American system have focused on managing conflicts between states and creating confidence-building and dispute-resolution

mechanisms to prevent these conflicts from becoming armed confrontations. These mechanisms have worked well.

However, over the past decade, the Organization of American States and other entities in the inter-American system have recognized that the principal threat to hemispheric security comes from nonstate actors such as terrorist organizations, traffickers and drugs, weapons and people, and from environmental and natural disasters and pandemics.

In regards to terrorist organizations such as the FARC, the OAS has incorporated into its jurisprudence the relevant United Nations resolutions about the responsibility of states to deny safe haven to terrorists. It has also, in the 2003 Declaration on Security in the Americas, highlighted the commitment of all member states to fight terrorism in all its forms and manifestations.

In this regard, we are disturbed by information emerging from the computer hard drives of Raul Reyes that appears to indicate that some of Colombia's neighbors were either unable or unwilling to address a known FARC presence in their countries. As the OAS works to repair relations between Colombia and Ecuador, we also urge it to address the larger cause of this diplomatic rupture—the presence of the FARC in third countries and the lack of coordination with the democratic state of Colombia to confront and dismantle this FARC presence.

In a hemisphere committed to democracy, we must also be committed to the shared defense of the democratic state. Colombia deserves our solidarity. The Americas and the OAS is facing a defining moment. It is our hope that the political leadership of our hemisphere rises to this challenge.

Thank you very much, and I am happy to answer your questions.

[The prepared statement of Mr. Shannon follows:]

PREPARED STATEMENT OF THE HONORABLE THOMAS A. SHANNON, JR., ASSISTANT SECRETARY, BUREAU OF WESTERN HEMISPHERE AFFAIRS, U.S. DEPARTMENT OF STATE

Mr. Chairman and Members of the Committee:

Thank you for the opportunity to provide an overview of U.S. policy in the Americas. This is an important opportunity to discuss bipartisan achievements in a region important to the United States and the well-being of our people.

We live in a hemisphere characterized by dynamic, positive change. Democracy, free markets, and economic integration have unleashed powerful popular forces. The elected governments of the Americas are working to translate these forces into tangible benefits for its people—such as expanding economic opportunity and reducing poverty; connecting national infrastructures, integrating electricity grids and energy markets; and collaborating on alternative energy sources. This story of positive change has an underlying theme: dialogue and engagement between countries, and broad recognition that we must address our differences but also appreciate the commonalities that bind us together. So it is no coincidence that the success stories of our region are increasingly products of cooperation and collaboration, and vibrant multilateralism.

We see the Americas on the cutting edge of transformational political and economic change in the world. This is a region that has completed the first and most dramatic stage of political change. It has moved largely from authoritarian governments to democratically-elected governments. It has moved from closed economies to open economies that rely on trade to link to globalized markets. It is a region that now faces the next generation of transformational challenges, which are in some ways more persistent and more difficult to overcome. The key is finding a way to enable democracy to address the dramatic social obstacles this region faces, especially poverty, inequality, and marginalization. Our community calls for a renewed and sustainable strategy of engagement, which our policy is designed to achieve.

U.S. policy in the Americas is designed to help our partners meet the next generation of transformational challenges and show that, at the end of the day, democracy can deliver the goods. The focus of our policy is fourfold:

- First, to consolidate democracy and the democratic gains of the past. This includes broadening participation in the democratic system to assure that ordinary citizens have a role in the political process;
- Second, to promote prosperity and economic opportunity in the region;
- Third, to invest in people, because we recognize that economic opportunity without individual capacity to take advantage of that opportunity is meaningless to the vast numbers of the poor and vulnerable in Latin America and the Caribbean; and
- Finally, to protect the security of democratic states.

We have taken a bipartisan approach to implementing our strategy, and with the help of the U.S. Congress have made considerable progress in the right direction. We have renewed bilateral and multilateral engagement and have re-focused assets for greatest impact. We continue to seek a balanced approach to our foreign assistance programs to advance democratic, economic, social, and security goals. Since 2001, we have spent over $7.5 billion in development programs, including alternative development funded out of ACI (now ACP), and about $4.5 billion in security programs, including remaining ACI programs. If our FY 2009 request is approved, development programs since 2001 will top $8.5 billion and security programs will reach approximately $6.7 billion, including $1.1 billion for Merida, for a total of over $14 billion

CONSOLIDATING DEMOCRACY

The United States is committed to fostering democratic governance and protecting fundamental rights and liberties in the Americas. Working multilaterally through the Organization of American States (OAS) and other institutions in the Inter-American System, we are helping our partners in the Americas respond to poverty, inequality, and marginalization. With our support and funding, the OAS is working to strengthen its capacity to help the Americas' elected governments respond to the challenges of democratic governance and honor the region's shared commitments under the Inter-American Democratic Charter. We are supporting the work of those building broader based political parties that incorporate communities which have traditionally been marginalized. We also continue our support to OAS' Electoral Observation Missions and our efforts to deepen inter-regional pro-democracy cooperation between the OAS and the African Union.

Working bilaterally, we support all sectors to strengthen Haiti's democracy and promote long-term development. The United States remains Haiti's largest bilateral donor, with a foreign assistance request of more than $245 million in FY 2009. Programmed in close coordination with the Government of Haiti and other international donors, our aid focuses on governance and the rule of law, elections, security, economic growth, and critical humanitarian needs. With reduced inflation, increased GDP, and a shift from peace building to peace keeping, it is clear that the benefits of democracy are taking hold.

Our FY 2009 foreign assistance request of $20 million for Cuba is consistent with recommendations in the second Commission for Assistance to a Free Cuba (CAFC) report. Since the formation of CAFC, Economic Support Funds to Cuba jumped to over $21 million in FY 2004 and an estimated $45 million in FY 2008. This assistance is key to helping the democratic opposition and civil society promote the dialogue needed for a successful transition to democracy. The United States reaffirms the belief that the Cuban people have an inalienable right to participate in an open and comprehensive dialogue about their country's future, free of fear and repression, and to choose their leaders in democratic elections. We reiterate Secretary Rice's February 24, 2008 message regarding our support of the Cuban people in their efforts to obtain "the fundamental rights and liberties expressed in the United Nations Universal Declaration of Human Rights and the Inter-American Democratic Charter." We continue to urge the Cuban Government to begin a peaceful transition to democracy and encourage international partners to help the Cuban people bring about positive change.

PROMOTING PROSPERITY

One of the biggest challenges facing democracies in the Americas is delivering the benefits of free markets, trade, and economic integration. With total GDP on the rise in Latin America and the Caribbean from $1.7 trillion in 2002 to $3.4 trillion

in 2007, and the number of people living in poverty decreasing from 44 percent in 2002 to approximately 35 percent in 2007, we are seeing improvements. With the successful reduction in the cost of sending money to the region, remittances have nearly doubled since 2002 to more than $60 billion per year, with more than 75 percent coming from the United States.

To help sustain these gains over the long term, the United States is helping create economic opportunity in the Americas through our free trade agenda, which now includes countries accounting for two-thirds of the gross domestic product of the hemisphere. With the conclusion of ten free trade agreements, we have built a chain that stretches along the Pacific coast of the Americas from Canada to Chile. We strongly urge Congress to approve the pending free trade agreements with Colombia and Panama to bring two strategically and economically significant allies into the network of U.S. FTAs.

Helping Central America and the Dominican Republic reap the benefits of their Free Trade Agreement remains an important priority and is reflected in our FY 2009 request for bilateral programs and $40 million in regional labor and environment programs. The participation of four hemisphere partners who emphasize free trade, Canada, Chile, Mexico and Peru, in the Asia-Pacific Economic Cooperation (APEC) Summit is another positive demonstration of the economic importance of the Americas in the world market. We expect the Americas' participation in APEC to continue to expand, as Colombia and Ecuador are also seeking membership.

The Millennium Challenge Corporation (MCC) helps reinforce our efforts in eliminating corruption, promoting transparency, improving healthcare and education, and connecting people to markets through complementary programs. MCC has signed compacts totaling more than $850 million with El Salvador, Honduras, and Nicaragua. It has also signed more than $77 million in threshold agreements with Guyana, Paraguay, and Peru. We continue to target our foreign assistance to supplement and leverage MCC efforts.

The United States is also addressing the challenges of energy cost, diversity, and availability in the hemisphere through the development of global and regional markets for ethanol and bio-diesel. The goal is to develop a promising new source of local fuels that will promote energy security and sustainable development, especially in Central America and the Caribbean.

INVESTING IN PEOPLE

The United States is helping to unlock the vast potential of the peoples of the Americas by working with our partners to invest in people through improved education and training, health care, access to capital, economic infrastructure, and security for their families and property. We are making progress in this area through combined efforts.

Since 2001, we have funded more than 7,000 professional exchanges, including citizen exchanges, International Visitor Leadership Program (IVLP) and the Voluntary Visitor program; and over 700 youth program participants, including College Horizons, the Martin Luther King Fellows program, and Youth Ambassadors. During the same period, we funded more than 7,500 Fulbright students, teachers and scholars from the region to study and research in the U.S. The United States also committed to provide $75 million for the President's Partnership for Latin American Youth. The Partnership will help provide thousands of students in the hemisphere with new opportunities for English language training, home country and U.S.-based study, scholarships, and skills development to improve students' ability to gain employment.

Additionally, we have spent more than $1.5 billion in foreign assistance on health programs [Child Survival and Health (CSH) and Global HIV/AIDS Initiative (GHAI)] since 2001. We also witnessed the USNS COMFORT contribute to improving healthcare in the region during a four-month deployment during which it visited 12 countries and treated nearly 100,000 patients.

Since 2001, Peace Corps has spent an average of $44 million per year in the region and provided an average of more than 2,200 volunteers to the hemisphere to advance world peace and friendship.

PROTECTING THE DEMOCRATIC STATE

In recent years, we have worked with our partners in the hemisphere to transform the security agenda for the region and forge a consensus on the vital link between security and prosperity. We are confronting nontraditional threats such as organized crime, terrorism, drug trafficking, gangs, natural disasters, and pandemics. By protecting the people of the Americas, we strengthen democracy, promote social

justice, and create a secure space for citizens and states to pursue economic prosperity.

The Merida Initiative will establish a new paradigm for regional security cooperation with Mexico and Central America. The goal of the Merida Initiative is to strengthen state institutions in the region and to reinforce regional cooperation to break the power and impunity of criminal organizations that intimidate state institutions, threaten Mexican and Central American governments' abilities to maintain public security and the rule of law, and pose a hazard to the safety and security of the United States. Funds are divided among three "pillars" of activities: 1) counternarcotics, counterterrorism, and border security; 2) public security and law enforcement; and 3) institution building and rule of law. The Central America portion of the Initiative seeks to directly respond to needs identified by Central American governments at the inaugural U.S.–SICA (Central American Integration System) Dialogue on Security last year. The Merida Initiative is a vital extension of our regional approach to combating the threats of drug trafficking, transnational crime, and terrorism that undermine security and builds upon successes gained to date.

The Security and Prosperity Partnership (SPP) with Canada and Mexico has been a key component to our regional security strategy. The SPP includes provisions to coordinate border policies, promote trade facilitation, encourage regulatory cooperation and prepare for possible pandemics in North America.

We have also made great advances in our efforts to combat illicit narcotics cultivation and trafficking and to promote licit economic and social development in Colombia. We have included a FY 2009 request of just under $543 million to continue our support in Colombia and build upon progress made so far. Colombia's USG-supported aerial and manual eradication programs continue to halt the rapid growth in coca cultivation with a decline of over seven percent between 2001 and 2006 (from 169,800 to 157,200 hectares). The estimated potential cocaine production over the same period declined 35 percent, from 839 MT to 545 MT, reflecting the impact of eradication programs on crop yield rates. Additionally, the Government of Colombia estimates that over 45,000 people have demobilized since 2002 (14,000 under the individual desertion program and over 31,000 paramilitary under the collective program), and Colombia's justice system officially completed its conversion to an oral accusatorial system similar to that of the U.S. in January 2008. This new system has allowed new criminal cases to be resolved in months instead of years, and conviction rates have risen from less than three percent to over sixty percent. We will also continue support for refugees and internally displaced persons.

Colombia has also made significant progress in reducing the level of violence in recent years, including violence against trade unionists. Since 2002, kidnappings are down 83 percent, homicides are down 40 percent, and terrorist attacks are down 76 percent. Homicides of trade unionists declined by 79 percent between 2002 and 2007, and as of 2007 the homicide rate for trade unionists is less than one-quarter the rate for the general population. The number of homicides of trade unionists has declined over the same period that the number of trade unionists enrolled in the Ministry of Interior and Justice's (MOIJ) protection program has increased. Already, more than 9,400 individuals, nearly one-fifth of whom are trade unionists, are taking advantage of this protection. Last year, the program successfully protected every union member who chose to enroll.

The Andean Trade Promotion and Drug Eradication Act (ATPDEA) (expanded from the Andean Trade Preference Act in 2002) has also contributed significantly to export diversification in beneficiary countries and strengthened the legitimate economies of the region as an alternative to narcotics production. We are working with Congress to approve the Colombia FTA and join the Peru FTA in establishing permanent reciprocal trade relations with two ATPDEA beneficiaries. We have concerns about the actions of the other two beneficiaries, Bolivia and Ecuador, including with respect to the treatment of U.S. investors. We will use the short-term extension of ATPDEA that the President signed into law last week to engage Congress and these governments in discussions regarding their continued eligibility under this program.

The United States' bipartisan commitment to our partnership with the Americas has been reinforced through the Summit of the Americas process. Summits have helped lay the groundwork of the pillars of U.S. policy toward the region-consolidating democracy, promoting prosperity, investing in people to advance social justice, and protecting the democratic state-through concrete programs in these areas. The United States looks forward to building upon these commitments with our hemispheric partners as we begin negotiations for the Fifth Summit of the Americas in Trinidad and Tobago in early 2009. Looking forward to the Fifth Summit, we must develop together concrete, measurable goals and demonstrate to the people of our countries how the Summit process positively affects their lives.

The President has reaffirmed his commitment to furthering political, economic, and social advancement in the Americas through 12 trips to the region—more than any other U.S. President. Cabinet level visits have totaled more than 70 in the last two years and there have been more than 100 Congressional delegations since 2001. Together, through our bipartisan efforts, we will link democracy with development, generate broad-based growth through freer trade and sound economic policies, invest in the well-being of people from all walks of life, and make democracy serve every citizen more effectively and justly.

Thank you again for inviting me to testify today. I would be happy to answer any questions that you have.

Mr. ENGEL. Thank you. Thank you, Mr. Secretary.

It was no surprise when Raul Castro replaced Fidel. But replacing Raul as First Vice President of the Council of State was Jose Ramon Machado Ventura, which was somewhat of a surprise because many of us had believed that Carlos Lage would be appointed.

Do we have any handle on that? Do we know whether or not there was any kind of an internal struggle?

From what I have read, Machado is about as old as Raul and had been a hardliner for many years and supposedly a close friend and confidant of Raul's for many years.

Does this signify, in our opinion, any kind of a struggle where the hardliners won out, or is it just a matter of simply the older generation not passing anything down?

Machado is 77. Raul is, I believe, 76. And Lage is 56.

Mr. SHANNON. Right. Well, the immediate thing to take away is that Cuba would not win an Oscar, because it is a country for old men.

However, the question you ask is an important one. This is a regime that is not easy for us to penetrate or to understand. And, in fact, we don't know well the dynamics that are taking place inside that regime.

My reading of this is, as I mentioned in my written statement, that this is an inherently conservative regime. It is a regime that is afraid to take big and dramatic steps. And that the kind of profile that Carlos Lage had developed within Cuba and especially outside of Cuba and the projection of a hope for change onto him was sufficiently dramatic and frightening that this probably eliminated him as a possible candidate.

But, ultimately, I think we need to understand the selection of people filling the different slots below Raul Castro as being there for the purpose of solidifying the regime and allowing Raul Castro to maintain control during a very challenging period. And we do believe that this regime is going to face challenges, because the expectation of change and the need for change will be great.

Mr. ENGEL. Thank you.

As I said in my opening remarks, there are people who say that there should be no change at all in our policies because Raul Castro really needs to show us that he is going to change. And there are others who say that we should utilize this opportunity and change some of our policies and see if Raul responds in kind.

Many of those people talk about travel as one way that we might be able to loosen restrictions, so I wanted to ask you this. In June 2004, the Bush administration increased restrictions on United States citizens travelling to Cuba, and family visits were restricted to one trip every 3 years under a specific license and restricted to

immediate family members, with no exceptions. Some people argue that this means you would have the option of either visiting a sick relative in Cuba or attending their funeral but not both.

So let me ask you, how does the administration perceive the family travel restrictions? How does it help the administration meet its goal of promoting democracy in Cuba? What events in Cuba would need to take place for the Bush administration to consider amending current family travel restrictions?

And, let me also ask you a question about cash remittances to Cuba. Because in 2004, cash remittances to Cuba were also restricted. Quarterly remittances of $300 can be spent but are now restricted to remitter's immediate families and may not be remitted to certain government officials and certain members of the Cuban Communist Party.

So the same question that I asked about the travel: Do you believe that restricting remittances to members of the remitter's immediate family has damaged the Cuban regime? And what events in Cuba would need to take place for the administration to consider amending current restrictions on remittances, again, as well as travel?

Mr. SHANNON. That is a very good question. And when the Commission on Assistance to a Free Cuba was looking at different aspects of our travel regime and also the sending of remittances and gift packages, the fundamental point that was examined by the commission was not so much the frequency of travel but how to limit the amount of resources that were going to the Cuban regime, recognizing that much of the money that was going to the regime was coming through travel to Cuba.

And the restrictions on travel, the restrictions on remittances, the restrictions on certain kinds of gift packages were an effort by the administration to balance the need for maintaining family contact, the need for recognizing the important role that remittances and gift packages have played in addressing the real needs of Cuban people, but at the same time, trying to find a way to limit the amount of money that the Cuban regime was able to skim from these trips and remittances and gift packages for itself. And we do believe that we have had an impact, in terms of the amount of resources going to the Cuban regime.

But, ultimately, as we look ahead and as we try to understand how we can effect change inside of Cuba, we are really trying to understand what change is possible in the short term. It is hard for us, at this point, to identify specific steps that the Cuban Government would have to take before we would begin to reconsider aspects of the travel remittances and gift packages restrictions. But we do recognize that this is a potential tool that we have.

Mr. ENGEL. With the whole question of human rights, I have been very critical through the years of Castro's human rights record. As I said in my opening statement, there is no political pluralism, and anyone who would write an essay, similar to what Fidel is doing now, that would disagree with the government would be arrested.

When Raul Castro took power several months ago—actually, de facto taking power—some claim that he sent positive signals to the

international community with regard to human rights. Others say, no, he hasn't.

And one of the things that has been cited is, in his first state reception as President of Cuba, Raul met with the Secretary of State of the Vatican. And the Vatican has been a long-time critic of Cuba's human rights records.

Last Thursday, Cuban Foreign Minister Felipe Pérez Roque signed two U.N. treaties on civil rights: The International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights.

Do we regard that as a possible shift on human rights in Cuba? What is the administration's read on Castro's outreach to the Catholic Church and the signing of these treaties?

Are there ways we can utilize Cuba's signing of the two U.N. conventions to bring enhanced pressure on the Castro government or hold them accountable for violations?

And finally, is there any indication that the Cuban Government, under Raul Castro, might improve the country's poor human rights situation and its harsh treatment of dissidents?

Mr. SHANNON. Thank you very much for the question, because, in many ways, it goes to the heart of what we hope to accomplish in Cuba, which is a peaceful transition to democratic government.

The decision by the Cuban Government to sign these two human rights agreements in the U.N. is significant for the Cubans because they have not signed them previously. The Foreign Minister of Cuba, at the time of his signing, indicated that Cuba might have some reservations about aspects of these agreements and could have some limitations in terms of how they are understood within Cuba and especially by the regime.

The meeting with the Secretary of State of the Vatican also had the potential to open up additional dialogue around human rights. And the Cardinal has said that he spoke with members of the regime regarding political prisoners. This is significant. It is something that we watch closely.

But, at the same time, the most important evidence of whether or not there is change in Cuba on human rights is out in the open. It is there for everybody to see. It is about political prisoners; it is about releasing political prisoners. It is about respecting fundamental human rights like the freedom of association, the freedom of expression, freedom of belief. And it is about allowing Cubans a political space where the state does not intrude on their activities.

And this we have not seen yet. We have still seen—what we have seen up to this point is a regime that is intent on control, that is intent on managing whatever small change takes place.

But, again, we are attentive. And like all, we have great hope, because, as I noted, we do believe that at the end of the day it is going to be the Cuban people who are the principal drivers here and the Cuban people who will be demanding change and the regime that must respond to it, as opposed to the people that respond to the regime.

Mr. ENGEL. Thank you.

Let me ask you one question on the border tensions in the Andean region, because, obviously, that has been at the top of the news over the past several days.

As you know, this weekend the Colombian Army crossed a mile into Ecuador to attack a jungle camp maintained by the FARC. I regard the FARC as a terrorist group. And they killed its second-ranking leader, Raul Reyes. This move led Ecuador to send troops to its border with Colombia, and it cut off diplomatic relations with the country. Venezuela was not directly involved in this dispute between Colombia and Ecuador, but President Hugo Chavez also sent tanks and 10 battalions to the border with Colombia.

Mr. Delahunt mentioned the letter that Mr. Burton and I initiated to the OAS. Would it help for the OAS to have a better system of crisis management in place, so that they could more rapidly respond to crises such as this one in the future?

Are we or others trying to lay the groundwork to reopen diplomatic relations between Ecuador and Colombia? What can we do to calm tensions and resolve this through diplomacy and dialogue? What are we doing to give Colombia and Ecuador a pathway out of their current hardened positions?

And what effect will this weekend's events have on the humanitarian hostage talks between the FARC, the Government of Colombia and members of the international community?

And let me just finally say—and I am lumping it all together—as I mentioned in my opening statement, I have just come back from a trip to Ecuador, Bolivia and Argentina. I had a series of discussions, high-level discussions, in each country. And in Ecuador, met with President Correa.

I am convinced that we should be engaging President Correa and not treat him as if he is an adversary of the United States. He is U.S.-educated. And my fear is that if we push him into a corner, we are going to then not be able to deal with him the way we should. I think we should, frankly, try to cultivate him and work with him.

I would like your comments on that. I think we make a mistake if we lump him in with Chavez, Morales and others. I think we make a very big mistake if we do that.

So I have thrown out a lot of things. I would like you to answer as many as you can.

Mr. SHANNON. Well, thank you.

In regard to the letter that you and Mr. Burton and Mr. Meeks and other members of the subcommittee sent to Secretary General Insulza and to the chairman of the Permanent Council, Mr. Thomas, our view is that this was a very helpful letter at a very important moment.

It underscored that the broad United States support for a negotiated, diplomatic resolution for the dispute between Colombia and Ecuador extended from the executive branch to the Congress. And it was, I think, a strong message at a key moment.

And it allowed Secretary General Insulza and the Permanent Council to engage, in what I think will be a successful way, in at least building some space for diplomatic activity to resolve the problem between Colombia and Ecuador and hopefully rebuild a relationship that is broken, diplomatically, right now.

We still have a lot of work to do. And it is important, I believe, to keep the OAS focused on the Colombia-Ecuador dispute. In this regard, we are very concerned about the behavior of Venezuela.

President Bush, yesterday, in his statement, called the decision to move troops to the—President Chavez's decision to move troops to the Colombia frontier as provocative. Our own belief is that Venezuela needs to be trying to calm the waters, not make them worse and not provoke a harsher reaction in the region. And the degree to which Venezuela can play that role, it will be welcomed. The degree to which it doesn't play that role, it will be criticized by ourselves and by others.

In regard to the humanitarian accord, the FARC issued a statement in the aftermath of Colombia's attack, saying that the attack would not lead to any negative consequences for hostages being held. It remains to be seen, however, what this means for a larger humanitarian accord.

Recognizing that the process of building a humanitarian accord has been one which the government of President Alvaro Uribe has been committed to for quite some time but which has been difficult to construct successfully, largely because of demands that the FARC has made to allow the release of these hostages.

I think it remains to be seen what the long-term impact is. And we are just going to have to wait and be patient as we attempt to understand how the FARC interprets, understands and assimilates the death of someone of the stature of Raul Reyes.

In regard to President Correa, our policy from the beginning has been one of engagement. Our policy from the beginning has been one of not attempting to lump him with any other leaders in the hemisphere. This is evident by President Bush's phone call to Mr. Correa when he was elected, by the delegation we sent to his swearing-in, by the visits that we have undertaken to Quito—myself and Deputy Secretary John Negroponte traveled there—and by our encouragement of high-level visits, such as your delegation, to Quito, and also our support for the extension of the Andean Trade Preferences Act to Ecuador.

We continue to remain open to Ecuador. We consider it to be an important partner. But at the same time, it is evident that the FARC has been operating along its frontier with Colombia. And as Colombia and Ecuador resolve this diplomatic issue between them and come to terms with the attack that took place inside of Ecuadorian territory, I think it is also important that both countries come to terms with why it happened and try to establish protocols that allow them to work together along the frontier to ensure that the FARC cannot take advantage of the frontier for their own purposes.

Mr. ENGEL. Thank you.

Mr. Burton?

Mr. BURTON. Mr. Secretary, do you think Venezuela and Ecuador's actions may be violating U.N. Resolution 1373?

Mr. SHANNON. It depends on the intentions. As I noted, that resolution has been adopted into the jurisprudence of the Organization of American States, in terms of denying safe haven. And we now, certainly, have clear evidence of FARC operating inside of Ecuador, and so——

Mr. BURTON. Well, let me pursue this a little further. The language says, "Deny safe haven to those who finance, plan, support or commit terrorist acts or provide safe haven."

Mr. SHANNON. Correct.

Mr. BURTON. So do you think that either one of those countries have violated that provision?

Mr. SHANNON. I don't think there is any doubt that in both countries the FARC is operating. At this point in time, we are more concerned about the political relationship between the Government of Venezuela and the FARC and, in particular, the relationship that could exist based on the kind of information that is going to appear out of these computer hard drives that were uncovered.

Mr. BURTON. Let me follow up on that, because, according to the information that I have before me here—and I don't know that it is completely valid—but it said that, on that laptop, Colombian officials have said that Mr. Chavez, President Chavez, gave FARC $300 million and had financial links with the terrorists dating back to his own failed coup against a previous Venezuelan Government in 1992.

Mr. SHANNON. Right.

Mr. BURTON. So going back, what, say, 16 years, he has had ties with FARC, and he just recently gave them $300 million. Is there any truth to that? And if there is truth to it, what do you suggest we do about it?

Mr. SHANNON. Well, we are going to try to determine what the truth is now. I mean, this is the first time that we have stumbled across something coming from the FARC drawing such a straight line.

Mr. BURTON. Excuse me. It was on the laptop, was it not?

Mr. SHANNON. Hard drive, right.

Mr. BURTON. It was on the hard drive that he gave $300 million.

Mr. SHANNON. As far as we know right now, my understanding is that we haven't had access to the hard drives yet; this is what the Colombians are pulling off the hard drive. But we will have it soon, and based on that, we will be able to examine the claim.

Mr. BURTON. Well, that is pretty grievous. If he was using and working with the FARC all the way back to 1992 to try to put himself in power there, and he just recently gave $300 million to the FARC and it is on their hard drive, and assuming that is the case, I mean, this guy is really an enemy of the United States.

We are fighting a drug war down there, and we are spending billions of dollars helping Colombia deal with FARC and the drug traffickers, and here is the President of Venezuela—who supplies us with about 25 percent of our oil, incidentally—who is giving aid and comfort to a terrorist organization that has been running rampant down there.

And I hope that the administration—and I know you are a good man, so I am not taking issue with you—but I hope the administration and the State Department will come up with some kind of a plan to deal with this, because this can't be tolerated.

And then, also, supposedly on this hard drive, it said that Mr. Correa and Mr. Chavez were backing an armed movement with an established record of terrorism and drug trafficking against the democratically elected government of their neighbor, Colombia. And it also said that Ecuador was trying to get to—replacing Ecuadorian military officers who might object to his use of the country

as a base. He is replacing some of those military officers because they might be opposing the FARC.

Is there truth to that? You don't know yet because the——

Mr. SHANNON. We don't know yet, but it is obviously very worrisome. And especially the information regarding Venezuela, if it is true, is egregious and deserves international action. And, in fact, as you know, President Uribe has already instructed his government to bring case in the International Court in The Hague.

Mr. BURTON. Well, I am glad the Organization of American States and others are going to be working on this. And I know you will be helping convince them that that is the right thing to do.

But, as I understand it, also, the FARC number-two man, Reyes, who was killed, was meeting in Ecuador with senior Ecuadorian officials without Colombian knowledge. So he was down there dealing with the FARC, or the FARC was dealing with him, in Ecuador and that they were getting supplied with money from Venezuela as well.

Mr. SHANNON. Yeah, the Ecuadorians have acknowledged that members of their government had met with the FARC in order to discuss a possible hostage release related to a larger humanitarian accord. They have insisted to us that this was the only purpose in nature of the meeting. But, obviously, we are looking at this very closely.

Mr. BURTON. Well, I guess you are going to find out from the hard drive, as well, that the Colombians had no knowledge that Ecuador was dealing with their enemy, the FARC?

Mr. SHANNON. I believe that is true, yes.

Mr. BURTON. Well, I hope that our Government uses every bit of its influence and whatever it takes to stop Mr. Chavez and Ecuador from pulling the rug out from our ally, Colombia, down there.

Right now Colombia has asked us for a free-trade agreement, which would help stabilize that country. My colleagues have not yet seen fit to give them that free-trade agreement. But I would like to say to them publicly, it is important that we pass that free-trade agreement. Because if we don't have a stable ally down there and Chavez is giving $300 million to a terrorist organization and Colombia doesn't have the economic wherewithal to deal with it and if we don't continue to supply money for the drug war that is going on down there and military assistance, we could see the entire region down there become a shambles and we could see democratic countries in real jeopardy in the future if we don't deal with this problem before it is too late.

Mr. Chavez, I think as my colleague, the chairman, has said, acts differently when he is getting desperate. He is more desperate now because of the things that he has been running into, and it worries me. A man with that much money who is helping Fidel Castro or, now, Raul Castro and who has got his tentacles going all over the place and giving money to terrorist organizations, he is a threat. He is a threat not just our ally, Colombia, but he is a threat to the entire region.

And I know that you will, I am sure, discuss our discussion today with people at the White House and at the State Department. I really hope you will, because this is something that very—I will tell

you, I don't want to belabor this point, but I was here back when we were fighting in Nicaragua, the Sandinistas.

And we were having the problems over in El Salvador with the FMLN. And thousands and thousands of people died. We had the possibility, had it not been for Ronald Reagan, of that entire area going south. When I say "going south," I mean going into anarchy and into totalitarian governments. And because of Ronald Reagan and what his position was, we were able to stabilize the area and create a lot of democracies down there, with the exception of Cuba.

I think we are at risk now of losing a lot of the ground that has been gained for democracy if we don't deal with Chavez and Ecuador right now.

Thank you, Mr. Chairman.

Mr. ENGEL. Thank you, Mr. Burton.

Mr. Shannon, if you have any comment for Mr. Burton, state it.

Mr. SHANNON. I would like to thank Mr. Burton for his remarks and underscore that yesterday President Bush went—following a telephone conversation with President Uribe, went down and underscored his support for President Uribe and for Colombia. He also underscored his support for the free trade agreement negotiated between the United States and Colombia, and noted, aside from the obvious economic benefits, that it has a national security benefit for both countries, and that we need to understand this in terms of these recent developments and note that, for the Colombians, this free trade agreement is much more than a trade agreement. It represents the strategic alliance with the United States, a commitment to political values and economic understandings that we share.

And so I would yet again underscore, from our point of view, the importance of quick consideration and approval of the free trade agreement.

Mr. ENGEL. Mr. Burton.

Mr. BURTON. Let me just—once you get that hard drive, would it be possible, even if it requires a closed-door hearing, I would like to know what is on that hard drive. I would like to know if the things that we have been hearing about are valid.

And so if you and your colleagues over there at the State Department could meet with us and give us an update, I would really appreciate it.

Mr. SHANNON. I would be happy to do so. The Colombians are posting some of the documents on the Internet already. But I am sure, working with our Intelligence Community, we could develop a briefing.

Mr. ENGEL. Thank you.

Ms. Sánchez.

Ms. SÁNCHEZ. Thank you, Mr. Chairman.

Mr. Shannon, I appreciate your being here today to answer some questions. Last year, the President traveled to Latin America and talked about the common agenda to advance freedom, prosperity and social justice and deliver the benefits of democracy in areas of health, education and economic opportunity; isn't that right?

Mr. SHANNON. Right.

Ms. SÁNCHEZ. But we are one of the few nations in the region that doesn't trade with Cuba. We isolate Cuba economically; isn't that correct?

Mr. SHANNON. Actually, we are probably the largest trading partner with Cuba, but we do have economic——

Ms. SÁNCHEZ. You have an embargo against Cuba?

Mr. SHANNON. Correct.

Ms. SÁNCHEZ. Do you think that now sort of might be a strategic time, given that it is a transition period, to maybe try to reengage them and send a message to the rest of Latin America?

Mr. SHANNON. This is an important question, and it is one that is being debated, I think throughout this town and elsewhere in the region.

There are many in the region and in Europe who would agree with your statement that now is the time to engage. However, from our own point of view, we believe that any engagement or change in our embargo sanctions policy has to be linked to changes inside of Cuba so that when we are engaging with Cubans, we are actually engaging with the Cuban people.

Ms. SÁNCHEZ. Okay. Let me follow up on that.

We don't accept goods from Cuba and we have this embargo, basically because it is a Communist regime. And we are trying to promote democracy in Latin America; is that a fair statement? Is that a fair statement?

Mr. SHANNON. Yeah. I mean, there is a historical basis for the sanctions that goes beyond just support for the democracy. It has to do with expropriation of properties and the rest.

Ms. SÁNCHEZ. But that is one of the rationales: We are trying to promote democracy and it is a Communist regime?

Mr. SHANNON. Yes, it is one of them.

Ms. SÁNCHEZ. And how long has the United States held that position with respect to the embargo with Cuba?

Mr. SHANNON. Since nearly the beginning.

Ms. SÁNCHEZ. And do you think it has been an effective strategy?

Mr. SHANNON. Well, I mean, it has addressed a couple of issues. And again it depends what the metric is. If the metric is, is Cuba being democratic, obviously we haven't achieved that.

Ms. SÁNCHEZ. Now, let me ask you this. We also trade with Vietnam and China; isn't that correct?

Mr. SHANNON. Correct.

Ms. SÁNCHEZ. And aren't those Communist regimes, as well?

Mr. SHANNON. Yes.

Ms. SÁNCHEZ. I am not trying to make light of the fact that there are violations of human rights and deplorable treatment of dissidents in Cuba, but that stuff goes on in China and Vietnam as well. I mean, there are incidents of forced labor in China and, actually, human trafficking in Vietnam, correct?

Mr. SHANNON. Correct.

Ms. SÁNCHEZ. So I am sort of a little bit befuddled by why we have a different policy toward China and Vietnam, Communist regimes—lack of democracy, squelching of political dissidence, forced labor, human trafficking—and why we seem to be transfixed on the embargo with Cuba, citing similar reasons that exist in other countries that we do trade with.

Mr. SHANNON. I think there are two kinds of quick responses to that.

The first is that when the embargo and sanctions were first put into place, as I noted, they were put into place not only for political reasons, but also as punishment for expropriation of funding in an effort to build pressure to force the Cubans to provide some kind of compensation for the expropriation.

Ms. SÁNCHEZ. And have they provided that funding over the 40 years?

Mr. SHANNON. That has not happened. But these cases are still viable cases. We have commissions that have catalogued that.

Ms. SÁNCHEZ. I understand that. I am just trying to get at whether this tragedy has been particularly with respect to either promoting democracy or the reparations for that.

Mr. SHANNON. Right. And I understand.

But the second point, and this is probably more relevant for the moment, is that as we engage countries like China and Vietnam elsewhere, what we have noticed is that these are regimes, although they are Communist regimes, although they are single-party states which have opened within their society spaces where people can do economic transactions without the state being present; in other words, there are spaces of freedom in these countries, and that we have attempted to use our trade policy and our investment policy to open up these spaces and begin to build areas of free transaction that could possibly translate into larger political change.

Ms. SÁNCHEZ. And you don't know if that could be possible in Cuba, the same rationale could be possible in Cuba?

Mr. SHANNON. It could be possible, but it is not possible now.

Ms. SÁNCHEZ. Well, we haven't tried it, I think is the response to that.

Let me just jump, because we have just been summoned for votes, to the statements about the free trade agreements. And I really want to caution you—and I know that a large part of sort of the democracy movement that this administration has been pushing in Latin America centers upon the fact that they want to pass these free trade agreements.

Well, I just want to caution you that free trade agreements are not an economic development strategy, and yet they are being talked about as sort of this panacea that is going to create stability in a region where, quite frankly, there are gross economic disparities between those who have and those who don't. And those economic disparities are getting greater even within the countries that are democratic, that have these free trade agreements that have passed. And I don't think that free trade agreements are going to cure those overwhelming problems in Latin America without some serious investment in other areas of society.

We have been grossly negligent, in my opinion, in investing in these countries, in the social structures of these countries; and to simply say that a free trade agreement is going to miraculously create political stability in a region and keep the confrontations that are going on in Latin America from escalating, I think is a simplistic view of the world.

And with that, I will yield back my time.

Mr. ENGEL. We will have four votes. We are having four votes, and then we have 2 hours until the next vote.

Mr. Smith, would you prefer to ask your questions now? We have 10 minutes of a vote, so you probably will have 5 or 6 minutes to ask questions.

Mr. SMITH. Thank you, Mr. Chairman. And first of all, let me just follow up on Ms. Sánchez's comments about consistency.

As a human rights believer myself, I think we have been inconsistent over the years. I mean, I voted in the early 1980s for apartheid sanctions. Thankfully, the world was with us. But when it came to the Sudan sanctions, the world was not with us. The same way with Burma.

Frankly, we lost China on Bill Clinton's watch. I will never forget the executive order that he laid out, which was a great executive order linking MFN continuance with human rights adherence; I mean, it was comprehensive. And after a year, there was nothing but significant regression rather than significant progress.

He ripped it up, and that told every dictatorship around the world to just wait it out and then the Americans will put profits over human rights. That is what he did in China, and that has hurt us ever since, I believe, everywhere else.

But let me just begin. I do have a number of questions, Mr. Chairman.

More than two decades ago I joined Armando Valladares at the U.N. Human Rights Commission when the U.N., for the first time, looked at the abuse going on in Cuba. I read his book, and I would recommend it to everyone, Against All Hope. It is probably the most incisive cataloguing of human rights abuses by the dictatorship in Cuba, and it shows what they do on a day-to-day basis to individuals.

And Raul was a part of that. He wasn't some distant relative who didn't have anything to do with it; he knew exactly what was going on. The cruelties are unspeakable that have been visited upon prisoners, and it continues, sadly, to today.

So my first question, Mr. Shannon, would be—I mean, the ICRC and other organizations, have they had access to the prisoners to determine their well-being or lack of it?

Secondly, on the issue of children's rights, I chaired a hearing in April 2000 on—when I chaired the Human Rights Committee on children's rights. And I remember, as we prepared, how I was overwhelmed by how the state seeks to brainwash and monopolize the thinking of children.

As a matter of fact, article 5 of the Children and Youth Code of the Republic of Cuba requires all persons who come in contact with children and youth to be an example to the formation of the Communist personality. And it goes on and on about how everything gets subordinated to the Communist personality; and those who move up in higher education are selected based on their adherence to political principle.

Does that continue to this day, this brainwashing of children?

Thirdly, the Clinton-Castro agreement, which I and others held hearings on during the 1990s, it seems to me that two of the biggest flaws of that agreement was that exit documents need to be

okayed by the Cuban Government. So only the purest people, who don't have little black marks against them, get to get out of Cuba.

And secondly, the mainly persuasive means for those who find themselves being returned by the U.S. Coast Guard, for example, what does that mean? Do we monitor those who are sent back, apprehended on the high seas, as to whether or not their legs are broken and they are subjected to abuse?

And also, if I could, I mentioned in my opening comments about Tier 3 and everyone needs to take a good, hard look at the sexual tourism that occurs not just with government complicity, but with the active promotion of the Government of Cuba—children being exploited cruelly by these pedophiles who make their way to Cuba from Europe, Canada and elsewhere. Do we see any indication whatsoever that Raul Castro is trying to end that abysmal record of abusing little children, as well as women, in that prostitution ring that they run down there?

Mr. SHANNON. Thank you very much for your questions.

In regard to the ICRC, no access is provided to political prisoners.

In regard to children's rights, and especially the use of education for brainwashing, I mean, this is a central part of a totalitarian system. This is how totalitarian systems perpetuate themselves and develop a degree of acceptance within the population. And obviously it is still a focal point of Cuban education.

However, I would note that over time these procedures wear thin, these efforts wear thin; and it is clear to us that as Cubans progress in their education, they do develop a capacity to see things clearly and to question them. And we have seen this most recently in exchanges that took place at a university in Cuba, that have appeared on YouTube and elsewhere, in which Cuban students are asking very tough questions of important members of the Cuban Government.

But obviously, as Cuba looks to its future, how it handles its education system is going to be an important part of any larger transition in Cuba.

In regards to migration accords, we have a lottery system that provides up to 20,000 visas a year for Cubans. Unfortunately, it is the Cubans who determine who gets to leave, and they do it through the exit visas; and with or without the migration accords, they would still have the capability of managing exit visas.

And I did note that Mr. Delahunt had noted that one significant change that the current regime could take at this point in time is to remove the requirement for exit visas, which would actually allow a freer flow of people.

And in regard to monitoring returnees, we try to do so, but because we are limited in terms of where we can travel in Cuba, we really can't travel beyond Havana. Any other monitoring we do has to be telephonic monitoring; we really can't go to the homes of a lot of people. So what monitoring we do has its limits, and so it limits our ability to understand what happens to people when they return.

Mr. SMITH. But even with limited monitoring, has there been evidence of people being abused when they have been sent back, or not?

Mr. SHANNON. It depends on the individuals. In some instances, they just return into Cuban society and there is not a problem. In other instances, because of their past or because of special attention that is given to them following their return, the regime determines that. They need to be harassed or managed in some fashion.

Mr. ENGEL. Mr. Smith, I am going to have to cut it now. If there is a question you want to ask when we come back, I will let you ask that question, but we have about 3½ minutes. So we are going to be in recess.

We have four votes. We will come back 5 minutes after the last vote. And then, I am told, we have 2 hours after that until the next vote, so we should be able to do everything within those 2 hours.

So the subcommittee stands in recess until 5 minutes after the last vote.

[Recess.]

Mr. ENGEL. The subcommittee hearing will resume.

Mr. Smith.

Mr. SMITH. Thank you very much, Mr. Chairman.

Mr. Shannon, if I could just follow up and maybe you might want to elaborate on some of the other questions that were posed earlier. But again, on this whole issue of the sex tourism and the fact that the government is absolutely a part of that—it is not like they are looking the other way or looking askance; they are central to it—you might want to touch on that. And they are rightfully designated as a Tier 3 egregious violator.

But even on religious freedom, when Pope John Paul II, a few years ago, asked for a few more Catholic priests from Central America to be allowed into Cuba to minister to the Catholics there, did that request get honored? I think he was asking for three or four priests, and yet, as far as I know, nothing happened.

Mr. SHANNON. In regard to Tier 3, Cuba has been in Tier 3 from the beginning and for reasons that we are all familiar with; and from our point of view, that hasn't changed. This is kind of an essential part of how they manage their tourism industry, and it is very worrisome for us.

Mr. SMITH. If you could just yield on that for 1 second, I was at the Human Rights Commission. I try to go all the time now—it is obviously the Human Rights Council—but Frank Calzone, who had documentation about the exploitation of these little children in Cuba, was actually blindsided by one of the Cuban diplomats while I was there. I mean, it was unconscionable.

These guys are thugs. It wasn't even a fair fight. They hit him when he wasn't looking, which tells you a lot too about the Cuban policy.

Mr. SHANNON. I remember that actually, too.

And in regard to Pope John Paul's request, I am not sure about that, but I will find out for you and get you an answer.

Mr. ENGEL. Thank you, Mr. Smith.

Mr. ENGEL. Mr. Sires.

Mr. SIRES. Thank you, Mr. Chairman.

Secretary, are there any low-level contacts at all with Cuba now——

Mr. SHANNON. Yes.

Mr. SIRES [continuing]. In trying to promote some changes?

Mr. SHANNON. Well, we have our regular kind of conversations between the two intersections—the Foreign Ministry in Havana and the State Department here in Washington, DC—and through our programs, we have considerable outreach, too, to Cuban civil society.

It has been a while since we have had a substantive conversation with a member of the Cuban Government beyond the intersection here about human rights, changes in human rights in Cuba.

Mr. SIRES. Do you have any conversations at all with countries in Europe to get them involved in promoting democracy in Cuba? I am thinking in terms of what happened in Spain.

Mr. SHANNON. Correct.

Mr. SIRES. You had a dictator for 40 years in Spain. Once it was over, countries in Europe really came to Spain to promote democracy.

Do you see that happening at all? They certainly have an economic interest.

Mr. SHANNON. Not as much as we would like, actually. But it is something we are working on, and it is part of our regular outreach, both with the European Union—with the individual members of the European Union, but also with countries in Latin America, trying to remind them that as we engage in Cuba, we need to establish some kind of common understanding of what that democratic future is, and we need to have a common understanding about the important role that respect for human rights will play in building that democracy.

I think what we have been able to accomplish really is a consensus around the importance of releasing political prisoners and respecting human rights. And even though we don't necessarily agree with some of the approaches taken, even the Spanish, in their engagement with Cuba, have to find their engagement in terms of human rights; and that is a step in the right direction.

But you mention the transitions in Spain and elsewhere. And as we look at these transitions that have taken place elsewhere in the world, what has struck us—whether it is in Eastern Europe, whether it is in Spain or Portugal, whether it is in Brazil or whether it is in South Africa—is that the success of these transitions, the reason they have been peaceful and the reason they have led to democracy is that in each instance the regimes determined that they needed to have interlocutors in civil society; and they needed to begin a conversation with those interlocutors, and those interlocutors had to have some degree of independence. In other words, they couldn't be state-controlled people.

In some circumstances, who those interlocutors were was forced on the state, like in Poland when Lech Walesa and Solidarity emerged. In other instances, the state actually reached out to people, like when the National Party government in South Africa released Nelson Mandela from prison and decided to make Mandela the focus of their negotiations with a larger liberation movement.

When we talk about internal dialogue in Cuba, this is one of the things we talk about. We talk about the importance of the Cuban regime reaching out to civil society in Cuba to have this kind of dialogue, and we try to get countries that have had this experience to relay it to the Cuban regime.

Mr. SIRES. Some people just don't like the embargo. I am one of those believers that this is a very repressive government; we have to keep some pressure on this government.

But in terms of the embargo, I really think that even if you didn't have the embargo, Cuba would still be a repressive society where people could not participate. I mean, you have Europe making large investments in Cuba, yet the Cuban Government does not allow the Cuban people to have contact at those resorts where the investments have been made, because they are afraid of this contact.

People say if you take the embargo away, you are going to have a lot of contact. I think that if you take the embargo away, this government is going to find a way to make sure there is no contact. Because, in my eyes, I think they want the people to struggle; and if you spend most of your day struggling to make ends meet, you don't worry about it.

But I think they are coming to the realization that their young in Cuba want to change. I was listening to some of the remarks made by some of the people in Cuba, and I was shocked that they were actually criticizing the direction the country was going. I mean, I never—in all my years that I have been in this country, I have never—and I get information from my family; I don't get it from magazines or anything else.

And there is such a mood to bring some sort of a change in Cuba within the young, and to try to make some sense of what is going on there.

But, I mean, they are so repressive that if you want to travel from one town to the other you have to register in order to be able to travel. You can't buy anything in any of these European stores because they don't allow you.

So I think our efforts in trying to in some of these nongovernment organizations, to fund them to promote a democracy in Cuba, I think that will have an impact.

How do you feel about the NGOs?

Mr. SHANNON. I think the idea of using assistance to promote NGOs and democratic civil society in Cuba is key, because those ultimately will be the interlocutors that the state has to seek out as they try to negotiate a change process inside of Cuba. And one of the things we are trying to do in our assistance is increase the capacity of these kinds of organizations to communicate with the vast majority of Cubans who are anxious for change, but really aren't quite sure how to make this change happen.

And so in this regard, that really has been the focus of our assistance. And we have been urging others who have similar assistance programs to use them to do what we call kind of "finding the edges" of the state, finding those places where the state presence isn't that dramatic and where people can actually have transactions that are more or less free, and promote those areas so that people become accustomed to living separately from the state.

And we think this will be an important way to drive change inside of Cuba.

Mr. SIRES. And I remember that one of the biggest issues when this government took over, I was a youngster then, was this criti-

cism, how there was prostitution in Cuba, human trafficking—just exactly what my colleague had said.

I venture to say that today is worse because people have nowhere to turn. People are struggling to just make it to the next day. So what do they resort to, the same type of things that were wrong with Cuba in the previous administration.

And I get this—again, I get this from my family. You know, they travel to Havana. They are like shocked at what they see.

I really resent the fact that many of the press still have this romantic view of this revolution. I can tell you about my neighbor that disappeared and never came back. I can tell you about, at the age of 11, they were teaching me how to take apart and put together a Czechoslovakian machine gun.

I can tell you about the military coming in and taking inventory before we left the country, because you couldn't take anything out of the house. We couldn't leave anything to anybody else. And this has been going on for 49 years, and yet people still have this romantic view of this revolution. They never lived it.

So, to me, the embargo is an important tool to bring pressure. And I am one that, if they commit to releasing prisoners and they commit to certain things, I will be willing to vote against the embargo. But I don't think any repressive government is ever going to surrender what they have been doing for 49 years.

There is a hierarchy there that has been established, and they don't want to give that up, because that hierarchy has everything in Cuba. They have the best cars, they eat the best, they go to all the resorts. If I was in Cuba and I wanted to get married and I wanted to spend a week in one of these resorts, I couldn't do it because I am not allowed.

So when people talk about this revolution, I just—and in terms of Colombia—do I have a minute, Chairman?

Mr. ENGEL. Yes.

Mr. SIRES. I am also a little bit shocked, how they make Colombia to be the criminal in this case. You have people killing, blowing up people for 20 years. You chase them, get them, now you are the criminal.

And Chavez is sending 10 battalions to the Colombian border. Who reacts like that unless they have something to hide? I mean, I just hope that we point these things out to the countries in South America, you know, and that we do our due diligence in pointing some of these things out. Because I think when they realize what they have on their hands, I think they will react.

And you haven't seen any effort, any change whatsoever, at all, in terms of the Government of Cuba to move anywhere away from where they are now.

Mr. SHANNON. Well, I have not seen it yet. There are—as mentioned, there have been some kind of initial steps, including the signing of these human rights agreements, and talk about restructuring aspects of the state. But we have yet to see anything concrete in terms of what we consider to be the most important things: Fundamental human rights, political prisoners, and any effort to begin to construct a pathway toward elections. But we are very attentive.

When President Bush gave his speech on Cuba in October, he did a couple of very interesting things. He talked about a Freedom Fund for Cuba; he talked about increasing Internet access and increasing computers if Cuba were to allow its citizens to have open access to the Internet; and he talked about involving Cuban students in a larger Latin America scholarship program. These were new and unique efforts by the President in this administration to show that we are capable of responding, we are capable of this kind of outreach. But there has been no response.

And so, again, we will be attentive. We will be looking for change; we will be looking for ways to make sure that when we do decide to engage, we are actually engaging with the Cuban people and helping that people become masters of their own destiny, as opposed to reinforcing a regime that is designed not to allow them to do it.

Mr. SIRES. And my last question: How concerned are you about another Mariel happening from Cuba?

Mr. SHANNON. That is very good question. I mean, obviously it is something that we look at very closely; and we track what we consider to be signals or signs of any kind of mass migration very closely because we need to be prepared. At this point in time, we haven't seen any.

And I think a lot will depend on what happens inside of Cuba in the sense that the degree to which the Cuban people think that there is a reason to be confident about their future, the degree to which they think that changes will take place that will allow them to participate in their future, they will stay.

But if we get through this initial phase of government and there are no changes, if the repression continues, then I think people will really begin to come to the conclusion that their future has to lie elsewhere. And that is when migration becomes a problem.

Mr. SIRES. Thank you very much.

Mr. SHANNON. Thank you.

Mr. ENGEL. Thank you.

Let me just ask you a couple of questions to conclude. You have been here a long time, and we appreciate it very much.

Mr. Sires was talking about involving the European countries, and mentioned Franco in Spain and the fact that we brought in other countries to help. In the spring of 2003, 75 nonviolent activists and journalists known as the "Group of 75" were arrested in Cuba. They were tried and given prison sentences of up to 28 years.

Last week, four of those prisoners were released, although let me add that it is believed 55 of them still remain in prison. So, this is imprisoning citizens due to their nonviolent promotion of democratic principles in human rights.

Is there any way, in your opinion, that we can take advantage of the change in leadership to improve the situation of those who use nonviolent means to promote human rights in Cuba? Of these 75 people, or 55 people, and others who might do that, what actions have we taken or might we take, including cooperation with third countries, in order to seek the unconditional release of these 55 people?

Mr. SHANNON. Well, there are several things we can do.

One, as part of our normal diplomatic outreach to these countries, we talk

out the importance of these prisoners and the importance that they should put on these prisoners when they engage with the regime in Cuba, and making release of these prisoners an important signpost for the world to determine whether or not change is taking place.

And as you noted, some have been released. And for these particular individuals, their release is a good thing, it is an important thing. But also, for instance, the President gave Oscar Biscet the Medal of Freedom. He has brought the families of many of these political prisoners to the White House or to the State Department; and the wife of Dr. Biscet is in Europe now, visiting Spain and France and other countries, to promote the case of her husband and the other prisoners who are being held. And again, this is part of our broader effort: To increase kind of proper consciousness of the fate of these prisoners and then to try to convince governments as they engage with the Cubans to push for their release.

Ultimately, this is a decision the regime itself was going to take, but it will take it, I think, in a more positive way if it knows that it is being held to account for this.

Mr. ENGEL. Let me ask you a few questions on some of the areas.

As I mentioned, I just returned from a trip, and one of the countries we visited was Argentina, where I had the pleasure of meeting with the new President, Cristina Fernandez de Kirchner. And we had a very good meeting with her and I was very, very much impressed with her.

I am just wondering if you can—our relations with her regime got off to a bad start, obviously, but I think that personally we should be doing everything we can to promote better relations with the Argentines, and I think that she would be willing to do that. So I would like to hear your comments.

Obviously, they have relations with Chavez, who helps them with both their energy needs and their debt. But I don't think that it is impossible for a country to have good relations with Venezuela and simultaneously have good relations with the United States, so I would be interested in hearing your comments.

And what are we doing, specifically, to ensure that we have foreign relations and that we bring it to the point where our countries can get closer together?

Mr. SHANNON. Well, to begin with, our relationship with Argentina is important for us for all the reasons that you know well. They have been strong partners in the fight against drug trafficking, the fight against terrorism, the fight against proliferation of weapons. They have taken a very courageous stand in regard to the AMIA bombing and their efforts to put red notices in Interpol against individuals and members of foreign governments that were involved in that bombing. And we have found, historically, Argentina to be not only an important partner in Latin America, but also an important partner in other international organizations. And so a good relationship with Argentina is important to the United States, and I believe it is important to Argentina also.

Unfortunately, as you noted, our initial relationship with President Fernandez de Kirchner got off to a rocky start because of the

arrests in Florida of Venezuelans and Uruguayans related to a suitcase full of money that was intercepted by Argentine customs in Buenos Aires last year. But I think we have been able to address the concerns expressed by the Argentines at this point in time.

This is a judicial case that is moving forward. A variety of the defendants have now pleaded guilty. Our ambassadors had an opportunity to speak with President Fernando de Kirchner at some length. And we have had a variety of relatively senior members of the administration, most recently the Deputy Director of National Intelligence, visit Argentina. And so it is our hope that, using this, we will be able to strengthen the relationship and make sure we get as much from it as we can.

Mr. ENGEL. I just want to again reiterate how important I think it is to do that.

And, again, our entire bipartisan delegation was very impressed with the President of Argentina and feels that we really should make every attempt to move closer to the Argentines in relations.

Two last questions: I am wondering if you can tell us about Brazil. I also visited Brazil, and of course they are a very important country. They are large. They are a diverse country, as we are. And I am in awe of what they have been able to do in terms of energy and alternative fuels. And the President, President Bush went there and signed a pact with President Lula; I guess it must be about a year ago now. And I am wondering if you could just bring us up to date on any follow-ups on that pact, and what we are doing with the Brazilians vis-à-vis energy needs, our energy needs, in working with them?

Mr. SHANNON. Our relationship with Brazil right now is one of the most important relationships we have in South America, and it is one that has been enormously useful to us and to Brazil. Both of us, I believe, are committed to the strategic nature of the relationship.

You are right, it is almost a year to the day. This is actually the date of the President's speech before the Hispanic Chamber of Commerce. But shortly thereafter he left on his trip to the region, and Secretary Rice and Secretary Amorim signed the Biofuels Memorandum of Understanding in Sao Paulo.

We just completed this week a meeting of the Brazil-U.S. Biofuel Steering Committee, and we involved in that meeting not only private sector and international organization advisors, but also representatives from the four countries with which we are working now to build a national biofuels industry—in other words, representatives of Haiti, the Dominican Republic, El Salvador, St. Kitts and Nevis. This meeting took place at the State Department, and it is the second in three events this week related to Brazil.

The first were meetings with the Brazilians on environmental issues, which was led by our under secretary, Paula Dobriansky. And then tomorrow I will chair for the United States side and Roberto Azevedo will chair for the Brazilian side the second meeting of our economic partnership dialogue.

So, right now, this is really Brazil Week at the Department of State. With everything else that is happening in the world, our focus has been on Brazil in a pretty intensive way and it is paying big dividends.

Mr. ENGEL. Thank you.

My last question involves the President's Fiscal Year 2009 budget for development assistance for the Western Hemisphere, particularly in countries that are recipients or candidates for the Millennium Challenge Corporation compacts with our country.

In taking a close look at the budget, it seems that a substantial portion of the—you know, there is a $116 million increase at first glance in the President's Fiscal Year 2009 budget. But in taking a closer look, it seems that a substantial portion of this bump in developmental assistance is a shift of alternative development funding for the countries from the Economic Support Fund to the Development Assistance account. So it seems like it is just—a lot of it is a shift in funds rather than an increase.

So, given the shift, is it accurate to say that there is $116 million increase in development assistance to the Western Hemisphere in the Fiscal Year 2009 budget? And if there is an increase, could you give us a dollar figure on how much of a bump we are actually seeing in development assistance which excludes the shift of alternative development spending from ESF into the DA account?

Mr. SHANNON. That is a very good question, and I can make sure I can get all the details to you and your staff.

But one of the issues we have struggled with—and not only we, but also our director of foreign assistance and her staff—has been the movement of money back and forth between development assistance and economic support funds. You might remember that last year, based on language that came out of conference reports, a significant amount of money was moved out of Development Assistance and put into Economic Support Funds.

Following consultation with the Congress, some of that money was put back into Development Assistance, and some of this money is fungible in terms of having the same kind of development impact. So it is my understanding that there has been an increase in money dedicated to Development Assistance-type work, that this increase is real; but let me get you the exact dollar figures.

Mr. ENGEL. All right. Fair enough.

Thank you, Mr. Secretary. You have been here for a long time, and we really appreciate it. And, as always, I thank you for your service to our country and for being so accommodating to our subcommittee and to our committee and to me personally. Thank you very much.

Mr. SHANNON. Thank you very much, sir. Thank you.

Mr. ENGEL. Okay. We will now call upon our distinguished second panel. Give them about a minute to come up.

First will be Marifeli Pérez-Stable. She is the vice president for democratic governance at the Inter-American Dialogue and a professor of sociology at Miami, Florida, International University. She is an original contributor to the Miami Herald and author of the Cuban Revolution: Origins, Course and Legacy.

Susan Kaufman Purcell is the director of the Center for Hemispheric Policy at the University of Miami and previously served as vice president of the Council of the Americas. She is also the coeditor of Cuba: The Contours of Change.

Chris Sabatini is a senior director for policy at the Council of the Americas and editor-in-chief of the recently launched Americas

Quarterly journal. He previously served as director for Latin America and the Caribbean at the National Endowment for Democracy.

Nancy Menges, I hope I pronounce the name——

Ms. MENGES. Menges.

Mr. ENGEL. Menges, sorry, is editor-in-chief of The Americas Report and runs the Menges Hemispheric Security Project at the Center for Security Policy.

Having a "G" in the middle of my last name and having people mispronounce it, over time I should kind of get those "Gs" and realize that they are hard "Gs" and not soft "Gs."

Anyway, I thank our panel and I apologize for the delay, but there is no way we can figure out when votes are. They just happen whenever they happen.

So let me start with Ms. Kaufman Purcell because I understand she is—I am sorry, with Marifeli Pérez-Stable—I am sorry—because I understand that she has got to catch a plane. So I will start with you first.

STATEMENT OF MARIFELI PÉREZ–STABLE, PH.D., VICE PRESIDENT FOR DEMOCRATIC GOVERNANCE, INTER–AMERICAN DIALOGUE

Ms. PÉREZ-STABLE. Thank you very much, Mr. Chairman. And good afternoon to you, Congressman Sires, as well. And I apologize to the panel, as I probably will not be here for the Q&As. American Airlines used to have a 9 o'clock flight to Miami, which I was prepared to take, and now the latest is at 7:20, and I have a commitment tomorrow morning in Miami.

We have been taking notice all afternoon of the fact that there has been a succession—not a transition, a succession—from Fidel Castro to his brother, 76-year-old Raul Castro. Raul Castro held power for about 20 months on an interim basis, and now he is there, we don't know for how long.

Cuba, of course, is still a dictatorship, but it is slowly, on its own terms, moving down a different path—not toward democracy, which would be my wish, but nonetheless different from where Castro would have been taking Cuba had ill health not felled him in 2006.

I say this for two reasons that may seem obscure but, in fact, are not if we try to put ourselves in the context of the Cuban regime. Its logic is different from our logic.

Fidel Castro ruled by the force of his charisma, by the force of his personality and by the capriciousness of his temperament. Raul Castro throughout 50 years—and Congressman Smith pointed out that Raul was there from the beginning, and that is absolutely the case. But Raul Castro, for more than 50 years, because he is not charismatic, he has governed through institutions—authoritarian, totalitarian, undemocratic.

But he has been the creator of the Cuban military, which is a highly politicized, but at the same time, highly professional military. The Communist Party and now the security forces are under him. On Sunday he talked about institutions, that institutions—and he said, "I repeat, institutions are very important." For a Cuban in the elite listening to that, he or she is getting the message that gone are the days when Fidel Castro would change his

mind from one day to the next and people would simply have to set aside what had been previously decided.

Mind you, I am not saying that this is going to be democratic. But by the very nature of Raul Castro's leadership, he is more—he seeks more consensus, he seems to listen more than his brother, obviously within the confines of having the regime remain in power.

The first order of business for Raul Castro—and he had been hinting at this, before February 24th—is the economy. And it is the economy, not out of any kind of principle, but because Cubans, ordinary Cubans, as Congressman Sires pointed out, have such a hard time putting breakfast, lunch and dinner on the table for their families.

So I think that the regime is compelled to some kind of economic reform, in part because this is an economic necessity of the first order, that we can't imagine living our lives the way Cubans live their lives, but also because Raul Castro over the past few months has raised expectations. And as we know, in a democracy that is dangerous—raising expectations and not meeting them—but we have an out: We can vote people out of power. In Cuba that is not possible. So the danger of social unrest, if the expectations continue to be unmet, will rise.

So I do believe that there will be some economic reforms this year in Cuba, not like China's and Vietnam's to begin with, but some economic reforms because of the pressures from below and the need for this government to produce results, given that charisma is sorely lacking.

I too shared your disappointment Mr. Chairman with the naming of Machado Ventura, but our disappointment, in fact, is inconsequential. More important is the disappointment I saw as I watched on television on the faces of the deputies of the National Assembly in Havana on February 24th, their disappointment with Machado Ventura.

Machado Ventura is a hard-liner. He has been on the side of Raul Castro more than Fidel since the 1950s. He is a physician by profession, a very methodical, honest—in the sense that he is not that corrupt—very demanding of himself and of others, but also a very stern taskmaster. And over the past few days, since February 24th, I have heard assessments that many of the party secretaries in the provinces and in the localities, the cities of Cuba, don't like him very much. He is an old guard and he is a hard-liner, the old guard that clearly is not ready to give up power.

But at the same time there might be—and I underscore the conditional, because we simply don't have enough information now—there might be what I call a Nixon-to-China logic that the hard-liners will be the ones to enforce the first wave of economic reforms.

At the same time, it might be what some other people fear, and I fear that too, but I am willing at least for the rest of this year to give them the benefit of the doubt that they are just simply going to dig in their heels and, come what may, they are not going to yield an inch.

There is some reason to expect that over the course of this year—Raul Castro himself said it on February 24th—that over the course

of this year, there will be a reorganization of the Cuban Government, of the state apparatus. He talked about some economic problems that are very sensitive to the Cuban population.

And then he said that the Council of Ministers would not be named until the end of the year. If at the end of the year there are no reforms, or very little reforms to speak of—and the Council of Ministers includes the old guard mostly and not the younger—then the worst-case scenario has happened.

When I saw what happened in Havana on February 24th, I thought of Moscow in the early 1980s after Leonid Brezhnev's passing. Two old men: First, the more open-minded Yuri Andropov and then the mummified Constantine Chernenko came to power, and they ruled the Soviet Union for a few years. Not until 1985 did the youthful Gorbachev assume the Kremlin's reins.

The question is whether Raul is more akin to Andropov or to Chernenko. And what I am saying now is that, for the time being, we don't have an answer to that.

We have heard both from Secretary Shannon and from the subcommittee comments about the Vatican's Secretary of State visit to Havana and the signing of the two human rights accords. Politics, as we know, is about symbols.

I think it is symbolic that Cardinal Bertone did not go to Havana in January when the 10th anniversary of the Pope's visit to Cuba happened, but rather right after Raul Castro was President and could receive him as such; and also the signing of the two human rights accords—I have it in my statement.

But the fact is, Fidel Castro himself opposed these. And when the Cuban Government on December 10th announced—December 10th last year announced that they would sign, Castro wrote one of his reflexiones—which, as you pointed out, Mr. Chairman, ordinary citizens can't do.

Let me repeat what I said when I started. Under either Castro, Cuba remains a dictatorship. Neither brother brooks political opposition nor respects civil rights. They are a menace for peaceful citizens who work for change—by Esueldo Biyar, by Martello Desroke, by the citizens in their progressive arc and the many Cubans who are joining a campaign of civil disobedience, which even if not very numerous right now, it is still important noncooperation with official Cuba.

Mr. ENGEL. I think I am going to have to ask you, if you can, in another 30 seconds to summarize. And you can submit anything you would like into the record.

Ms. PÉREZ-STABLE. I will.

I will say that U.S. policy should be reconsidered at a minimum only to have a hard-nosed evaluation of current policy which, of necessity, means thinking outside the box of the current policy, even if it is only to reaffirm it in the end.

On several occasions since the Cold War the United States tightened the embargo in the belief that the end of the regime was near. At every turn, Havana survived.

I think that a new policy would undoubtedly carry risks as well as benefits, but we never talk about the risks that the current policy has entailed. Two decades after the Cold War another Castro now presides over Cuba.

Mr. ENGEL. Thank you very much, Doctor.
[The prepared statement of Ms. Pérez-Stable follows:]

PREPARED STATEMENT OF MARIFELI PÉREZ-STABLE, PH.D., VICE PRESIDENT FOR DEMOCRATIC GOVERNANCE, INTER-AMERICAN DIALOGUE

For the first time in nearly 50 years, Fidel Castro is not presiding over Cuba. On February 24, the National Assembly named his younger brother, 76, president of the Councils of State and Ministers. Since July 2006, Raúl Castro had held interim power. Now he is formally in charge and, for the most part, substantially as well. As long as he is alive and mentally alert, the Comandante will remain a potent symbol and, to some extent, an influential voice. The successors face a careful balancing act: enacting changes which the citizenry desperately wants without incurring the elder Castro's wrath.

Cuba, of course, is still a dictatorship but it is slowly starting down a different path, not towards democracy but, nonetheless, different from where it would be had ill health not felled the elder Castro. Lacking his brother's charisma, Raúl must govern through institutions, especially the military and the Communist Party. Well before the Comandante announced his retirement on February 19, Raúl had disbanded the informal networks of loyalists his brother had used to keep tabs on the party and government bureaucracies. In his first speech as president, Raúl emphasized *la institucionalidad*, the importance of institutions. The first order of business is the economy; day in and day out, ordinary Cubans struggle to put breakfast, lunch, and dinner on the table. I don't expect radical moves akin to China's or Vietnam's. Nonetheless, any market openings will also constitute steps away from the *Fidelista* legacy. For the elder Castro, market socialism is just a notch or two less objectionable than capitalism.

On February 24, Raúl named José Ramón Machado Ventura as first vice president of the Councils of State and Ministers, instead of Carlos Lage, the 56-year-old technocrat favored by the under-60 generations. Machado is a hardliner, close to Raúl since the 1950s, and the Communist Party's long-standing fixer and ideological guardian. Yet, we shouldn't immediately conclude that his appointment sounds the death knell for reforms. The old guard isn't ready to give up power just yet and, moreover, the seniors may be banking on what they believe to be their legitimacy to bring changes while safekeeping the revolution. In short, there might be a "Nixon-to-China" logic at play in the old guard's last stand.

Then again, we might be witnessing the seniors digging in their heels. We won't know for sure until the end of the year. In his inaugural speech, Raúl announced an administrative reorganization of the state. He also addressed sensitive economic issues such as food production and the grossly devalued peso. Noteworthy as well was his mention of the *libreta*, the ration book whereby Cubans of all income levels purchase subsidized goods. Cuban economists have long criticized the *libreta*'s absurdity. Only Machado as first vice president and General Julio Casas Regueiro as Defense Minister—the post vacated by Raúl—have been named to the Council of Ministers. The rest will have to wait until the announced state restructuring and, probably, some economic reforms are in place. Possibly then, the under-60 generation will be better represented as, for the most part, ministers will have to wield more modern skills than the old guard can muster.

What happened in Havana on February 24 reminded me of Moscow in the early 1980s. After Leonid Brezhnev's passing, two old men—first, the more open-minded Yuri Andropov, then the mummified Konstantin Chernenko—ruled the Soviet Union. Not until 1985 did the youthful Mikhail Gorbachev take the Kremlin's reins. Is Raúl more akin to Andropov than Chernenko? Is there a Gorbachev, Boris Yeltsin, or Vladimir Putin waiting in the wings? No definitive signals have yet been given but three events since Raúl became president are telling.

- The Vatican's Secretary of State, Tarcisio Cardinal Bertone, visited Havana just as the younger Castro formally assumed power. On Cuba's part, I don't believe the scheduling was coincidental: Raúl wanted to meet the Cardinal as president. Though we still have few details of the meeting, it seems that there might be some progress regarding the church's legal status (it is not registered at the justice ministry), the building of new churches, and the registration of the church's charitable front, Caritas.
- Raúl dispatched Foreign Minister Felipe Pérez Roque to the United Nations to sign two human-rights accords that Havana had long denounced and the elder Castro still opposes. On December 10—Human Rights Day—Havana had announced it would sign the two accords but waited until Raúl assumed the presidency to do so. While Cuba reserves the right to issue future "res-

ervations or interpretive declarations," there is no gainsaying the symbolism of the foreign minister's signature. A more substantive import could develop later.

- Cardinal Bertone recently announced Havana's disposition to exchange the so-called Cuban five—spies serving time in U.S. prisons for their activities—for jailed dissidents in Cuba. While the offer may be a nonstarter, the United States should consider a response that includes fugitives from U.S. justice who live safely in Cuba. The Cardinal also said that the Pope would raise the issue of Cuba when he visits President Bush in April.

Let me repeat what I said at the start: under either Castro, Cuba remains a dictatorship. Neither brother brooks political opposition nor respects civil liberties. They are menaced by peaceful citizens who work for change, whether by gathering signatures as Oswaldo Payá did, convening an assembly to discuss Cuba's future as Marta Beatriz Roque did, promoting dialogue as the Progressive Arc has, or raising the civil disobedience of Yo no coopero (I don't cooperate) with official Cuba.

Raúl and his government—like the Comandante before them—act as if time were on their side. Yet, over the past six months, Raúl himself has repeatedly raised expectations. Will the one-step-at-a-time pace be enough to satisfy the citizenry? Cuba's leadership doesn't want to suffer Gorbachev's fate. It'd be poetic justice if their conservatism quickened the pace of events and confronted them with the unintended consequences they are trying to avoid.

Should U.S. policy toward Cuba under Raúl Castro change? At a minimum, Washington—the next U.S. administration and, of course, the U.S. Congress—should summon a hard-nosed evaluation of current policy. The 2004 regulations, which imposed stringent limitations on Cuban-American travel and remittances, should be reversed. Under them, aunts, uncles, cousins, nieces, and nephews aren't considered family and, thus, we cannot travel to see them nor send them remittances. Travel to visit grandparents, parents, spouses, siblings, children, and grandchildren is allowed once every three years. Whatever monetary gains Havana makes on travel and remittances, humanitarian concerns and people-to-people contacts are—like the MasterCard commercials—priceless. For nearly 50 years, Castro has divided Cuban families. Isn't it un-American for the United States to be following in his path?

A hard-nosed evaluation of U.S. Cuba policy should step outside the box of current policy. Almost 20 years ago the citizens of Berlin tore down the odious wall. In the early 1990s, the Cuban Democracy Act—which tightened the embargo—made some sense. Without Soviet trade and subsidies, the embargo might finally work. In 1996, Helms-Burton—enacted into law after the shootdown of two civilian planes which took the lives of four people—tightened the embargo further. Today, Cuba meets its energy needs thanks to Venezuela and its own, thus-far modest oil reserves; Cuban waters, however, are thought to hold some five billion barrels of oil, maybe more. If these reserves are confirmed, Cuba could be earning $5 billion a year from oil and ethanol. Isn't it time that the United States consider policy alternatives? Confronting the United States is easy for the Cuban government. A diplomatic give-and-take amid a partial relaxation of the embargo is a much tougher challenge for Havana.

In January, Luiz Inácio Lula da Silva visited Havana. Though his meeting with the Comandante grabbed the headlines, Raúl and Lula spent four hours together about which almost nothing has been leaked. Still, Brazil and Cuba agreed to increase their economic cooperation, including the sugar industry. Ethanol wasn't mentioned but it needn't have been; refined sugar is not where the profits are. Lula and Raúl may also have in common a certain antipathy to Hugo Chávez. Lessening Cuban dependence on Venezuela is in the national interests of Cuba, Brazil, and the United States. Mexico, Spain, Canada, and other U.S. allies are sure to open new lines of communication with Havana. Should the United States take modest steps away from current policy, concerting a loosely joint approach towards Cuba might be possible. Under current policy, it's impossible

Mr. ENGEL. Dr. Purcell.

STATEMENT OF SUSAN KAUFMAN PURCELL, PH.D., DIRECTOR, CENTER FOR HEMISPHERIC POLICY, UNIVERSITY OF MIAMI

Ms. PURCELL. Thank you, Chairman Engel. Thank you for the invitation. I am very pleased to be able to address the committee, including you, Congressman Sires and Congressman Smith. I am

from Miami now, but as you can probably hear, I am a long-time New Yorker, so I am very pleased to see you here.

I want to start my remarks by saying that, first of all, I am coming out on the side of support of the current policy for now; and I will go into why. The transfer from Fidel to Raul Castro has revived calls for the U.S. to kind of alter its policy—we think it is policy—and essentially "engage the new government."

There are several arguments for engagement. The main ones that are mentioned are that the embargo hasn't worked, that here you have someone who might want to change some things in Cuba, and that by engaging the Castro regime, the new Castro regime, the United States might be able to encourage reform to help ensure a peaceful transition to a more open economy and political system.

I do want to point out, first, that if the embargo hasn't worked in terms of producing positive change, neither has engagement. While it is true that the United States hasn't attempted engagement in a very big way, even though we do export a lot of agricultural and other goods to Cuba, basically the rest of the world has been engaging Cuba for decades, and that hasn't produced the kind of change that the pro-engagement people have asked for either.

And I think the reason is very easy to understand. The Castro agenda, whether it was Fidel, and possibly now, Raul, responds more to their own preferences, their own beliefs, their own values and their own assessment of what they can do and can't do on the island; and I am not sure that an engagement policy or the embargo can produce any kind of more dramatic change. I think they are almost equal in that.

Second, we have heard something about the signs that Raul is taking a different and more changed-oriented approach. I would just say that what has been highlighted as examples of this change are not as clear cut as people say. For example, there is no evidence yet—and I admit it is very early since Raul just took over—that Raul is interested in implementing reforms that would give Cubans more political and economic freedoms. That doesn't mean he is not interested in making the economy more productive, obviously, and he has to do something. But he has mainly been speaking in terms of efficiency and productivity, which actually is no different. Fidel, whenever they ran into trouble, would also speak about the need for reforms and to increase efficiency and productivity.

The second kind of change that people note is Raul's encouragement of constructive criticism of the regime. And, frankly, this may be as sort of a throwback to what we saw in Communist China under Mao, you know, let a—I don't know how many—flowers bloom, and then he chops them off. The student that expressed constructive criticism disappeared for a night or so and came back and said that he was really just criticizing, oh, within the context of the Cuban revolution or the socialist revolution. The third evidence of change is supposedly Raul's expressed interest in having better relations with the United States. And here, again, I would look at this more clearly because Raul conditioned his statement in the same way that Fidel Castro always did. In other words, he said, he wants this better relationship with the United States, he is open to it, but it needs to—it can't be based on preconditions, and it

should be characterized by mutual respect. Well, that is always what Fidel Castro said. And after he said it, he sent troops to Africa to just reinforce the ideas that you know this—this improved relationship means that the Cubans can do whatever they want, and the Americans do whatever they want. So that is the same line that was under Fidel. And then these two important international human rights treaties. It is a change in the sense that Fidel had opposed them and Raul has now signed them. But to a certain extent they were—this move was weakened or undercut because Pérez Roque, the Cuban foreign minister, subsequently said that, well, you know, there wasn't a big problem. This wasn't really as much of a change as people thought because, after all, all these freedoms that these treaties would guarantee—such as freedom of religion, freedom to leave a country, the right to self-determination and peaceful assembly—well, Cuba has all those freedoms already, he said. So, you know, if that is how he is defining freedom, if he says that Cuba already has them, well, that defines almost the whole treaty out of having any significance.

On the other hand, I am aware of the Helsinki accords that were signed under the Soviet system. For years nothing happened with them. And then, little by little, they became a lever by which the Soviets—the citizens were able to pry different kinds of human rights improvements. So I am not dismissing them out of hand. I am just saying that a long time could go by now before we see their having any impact.

Now the next part. If there were significant changes in the direction of economic and particularly political freedom, meaning mainly movement toward free and fair democratic lectures, opening the economy, the next U.S. President might want to respond positively in terms of some kind of increased engagement. And if that is going to be done, I would only argue that any kind of engagement that the next administration might attempt I would hope would be based on trying to level the playing field when between the Cuban people and the Cuban Government. And what I mean is that the engagement should be targeted in ways and toward policies that would actually empower the Cuban people vis-à-vis the government.

So getting back to an earlier question that you asked, tourism, for example, I don't think that will do it. I mean, I am not one of these people that believes that, you know, you let tourists in and then everything starts changing because the Cuban people will be exposed to values, et cetera. The Cuban people already know the values; that is not the issue. My problem with tourism is that all the money goes—not all—more than 70 percent of the money goes to the government because who controls the tourism industry? The Cuban military. That is one of the main sectors of the economy.

In contrast, the remittances by Cuban Americans to their relatives—and you know, you might think in terms of maybe even broadening that at some point to include just Cuban friends or let nonrelatives send money to other Cubans—but the issue there is that those funds go directly to people, not to the government. Now, clearly, by extension, if you are going to go to the dollar stores and buy something, you know the regime will have it. But this is a case where if it goes to the people, it basically makes the Cuban people,

each individual, less dependent on the regime for food for—in particular, that is a big one.

The other kind of change I would like to see that I would consider very significant has to do with foreign companies operating in Cuba. As you all know, now a foreign company cannot hire its workers directly. The Cuban regime gives—assigns the workers to the company. But worse than that, the company cannot pay the workers directly. So assume, for example, that you are going to pay $25 to a worker. You have to pay the $25 in dollars, in our currency, to the regime. The regime then changes it to pesos at the regime's very artificial rate of exchange, which is one to one. So for every $25 that the worker is supposed to get, they get really 1/25 of a dollar because the real rate of exchange on the black market is approximately 1 to 25. So if this were changed, if you had a unification of the exchange rates so that the money that foreign companies pay to Cuban workers would, one, go to them directly, or at least if it didn't go to them directly, it would go at the real rate of exchange, then you could say Cuban workers were benefiting from foreign investment. Right now, Cubans are not benefiting very much from the foreign companies.

I also think that it is a mistake—we certainly wouldn't want to start lifting the embargo as any kind of first step and certainly not lift it unilaterally, and anyway, we have got Helms-Burton that would have to be changed, and we will have to see what Congress wants to do with that. But also I think that it is important that United States policy toward Cuba should really fit into and conform to the overall United States policy toward Latin America and the Caribbean.

Since President Carter, really the U.S. has been fairly consistent in what its policies have been focusing on, support for democracy—and it has been kind of bipartisan—democracy, human rights, market economies, free trade, regional integration. Now, of course, you have got a division within Latin America with the Chavez nationalistic state aside, which really means that I actually support what the administration has been doing in terms of trying to work much more closely with our friends in the hemisphere, but I also support what you said, Congressman Engel, about there are several regimes that are kind of—they can be worked with if we don't just write them off. And I think that is worth pursuing.

Millennium Challenge Account: That needs to be strengthened and expanded because it is an aid program that is conditioned on a certain kind of democratic performance. It is not just money going down a black hole. And one of the ways it needs to be expanded I think, and I am not sure how you would do this, is that right now the money goes to the poorest countries in the so-called third world or emerging market economies. The problem there is that Latin America as a region, as you know, is a relatively wealthy region, particularly compared to Africa, for example. I think there needs to be a way to involve some of the middle-income emerging market countries because—because of the vast discrepancy—big gap between the rich and the poor in Latin America, millions and millions of poor people live in these countries that are not eligible to receive funds from the Millennium Challenge Account. So I don't know how you do it, and I know it is complicated because

I actually spoke to Ambassador Danilovich about this. But I think it has to be broadened so that Latin America sees it as a policy that is relevant to their developmental goal.

Mr. ENGEL. Let me also give you 30 more seconds to summarize, and then we will——

Ms. PURCELL. And then the last thing is the Free Trade Agreement. Clearly, Colombia, it becomes more strategic than ever. I wanted to say a word about this whole sovereignty thing. As you know, Latin American governments are very concerned about sovereignty. But I think that we are no longer, if ever, dealing with a civil war in Colombia anymore. We are now dealing with an international terrorist movement that is connected with other international movements. And to paraphrase it all, a book from a few years ago, which was—sovereignty is not—respect for sovereignty is not a suicide pact. In other words, a country has to be able to defend itself. So I would like to close with just really strong emphasis on the need to pass the Colombian Free Trade Agreement and to also put more social content into free trade agreements so that it will have broader appeal to United States—the U.S. Congress, U.S. people and the Latin Americans themselves. Thank you very much.

[The prepared statement of Ms. Purcell follows:]

PREPARED STATEMENT OF SUSAN KAUFMAN PURCELL, PH.D., DIRECTOR, CENTER FOR HEMISPHERIC POLICY, UNIVERSITY OF MIAMI

The transfer of presidential power from Fidel Castro to Raúl Castro has sparked a debate in the United States over the significance of the transition and whether U.S. policy should change in response to Raúl's assumption of the presidency. The debate coincides with a U.S. presidential election year. Despite significant domestic criticism of U.S. policy toward Cuba, none of the principal presidential contenders has called for an immediate lifting of the U.S. embargo, which would represent the most radical policy option. Instead, the recommended changes in Washington's Cuba policy range from talking with Raúl Castro to maintaining the U.S. policy status quo until both Castro brothers are no longer in power. Many policy analysts, interest groups and the media, however, have begun calling for increased U.S. engagement with the new Cuban government.

The engagement option is based on the assumption that current U.S. policy—particularly the embargo—has not worked, in the sense of either toppling the Cuban government or getting to open Cuba's economy and/or political system. This argument is correct as far as it goes, but it does not go far enough. In advocating engagement as an alternative, it ignores the fact that the rest of the world has been "engaging" with Cuba for many years, also with no apparent success in producing positive change in Cuba.

The main obstacle until now to a meaningful transition from a closed to a more open political and economic system has not been U.S. policy, but rather, Fidel Castro's desire to maintain political and economic control over the island and its people. The experiment with an economic opening in the 1990s, for example, occurred in the aftermath of the Soviet collapse and the termination of billions of dollars of Soviet aid to Cuba. Fearful of an economic, and possibly, a political collapse, Fidel accepted Raúl's recommendation to allow some foreign private investment on the island and permit the circulation of dollars, as well as the creation of some small, private businesses. The reforms produced encouraging economic results, but Fidel accurately concluded that the latter two in particular threatened his political control. They were therefore reversed.

The fact that Raúl proposed the earlier aborted reforms, however, combined with some critical remarks he recently made regarding the functioning of Cuba's economy and the need for change on the island, have raised expectations that Raúl will now revive some of his thwarted reforms of the past and/or try something new in order to make Cuba's economy more productive. Contributing to the expectation that economic reforms will be forthcoming is the fact that 70% of Cuba's population was born after 1959. Having known nothing but economic hardship and broken promises of a better future, they have become increasingly critical of, and disillusioned with,

Cuba's revolutionary regime. This is particularly true of the 2.2 million Cubans who were born after the Soviet collapse in 1992 and who want what other young people have, such as access to the Internet, Nike sneakers, iPods, and the freedom to frequent Cuba's beach resorts and to travel abroad.

There is no debate in the United States regarding the sorry state of the Cuban economy and Raúl's need to "do something" to win support from Cuba's alienated youth. Rather, the current debate over the future of U.S. policy toward Cuba is based on different assumptions regarding what engagement can or would achieve. Those calling for increased U.S. engagement with Raúl's government tend to believe that without such engagement, Raúl's economic reform efforts will fail, or the United States will be faced with "another Mariel," a reference to the regime-sanctioned mass migration of approximately 125,000 Cubans to the United States in 1980. They also argue that countries hostile to U.S. interests—such as Venezuela—will continue to increase their influence over Cuba. The advocates of engagement also believe that a more "normal" relationship between Cuba and the United States will help spread American economic and political values, thereby increasing the chances that Cuba's transition will move in directions favorable to U.S. interests. Finally, there seems to be a sense that it is better for the United States to do something rather than nothing in response to the transition to Raúl.

Opponents of engagement with the Raúl Castro regime argue, in contrast, that engagement will legitimize his still dictatorial regime. They also argue that it will allow Raúl to undercut opposition to his rule by allowing him to improve the economy and living standards of Cuban people without having to make significant political reforms. They point out that Fidel and Raúl only began opening the Cuban economy when they had no alternative due to the collapse of Soviet aid. Once Cuba was able to substitute Soviet aid with approximately $2 billion in aid annually from Hugo Chávez's Venezuela, there was no more experimentation with reform. Instead, there was talk of the need to increase efficiency and productivity within the current economic and political systems, which is Raúl's "new" message to the Cuban people.

The above debate about engagement is somewhat misleading, however, because despite the embargo, the United States is already significantly engaged with Cuba economically, and to a lesser extent, politically. The United States is already one of the major exporters of agricultural products to Cuba. Unlike other foreign exporters to the island, however, U.S. exporters cannot extend credit to the Cuban regime. Instead, Havana must pay for its U.S. imports in cash. Cuban-Americans are also allowed to visit their relatives on the island once every three years, and to send their relatives 1,200 dollars annually. Both policies represent a pullback from the allowance of more frequent visits and larger money transfers that existed under the Clinton administration. The change was motivated by the desire to reduce the regime's access to hard currency that could undermine Cuba's need to reform its economy. Politically, Washington has through the years "engaged" Havana in discussions regarding immigration and drugs.

Furthermore, current U.S. policy does not close the door to a more engaged policy toward Cuba. Under the Helms-Burton law, Washington can start providing aid to Cuba and could ultimately lift the embargo if and when the Cuban government begins taking steps to implement free and fair elections, releases political prisoners, allows candidates for office access to the media and begins putting in place other institutional underpinnings of a democratic political system and a market economy. An important pre-condition, however, is that neither Castro brother can be in control of the government.

It is not clear whether current U.S. policy toward Cuba would be sustained if the U.S. elections in November give control of Congress and the presidency to the Democrats. In addition, several polls indicate that support for the embargo is decreasing, particularly among younger Cuban-Americans, who say they would like to see a more "normal" relationship between Cuba and the United States.

While recognizing the desire for a change in U.S. policy toward Cuba on the part of a growing number of Americans, I believe that any dramatic change in the policy at this time would be premature, for a number of reasons:

- There is as yet no evidence that Raúl is interested in implementing reforms that would give Cubans more economic and political freedom. Instead, his interest seems to be to change things just enough so that they can remain the same. His exhortations for more efficiency and productivity are echoes of similar words used by Fidel.
- Raúl's encouragement of constructive criticism of the situation in Cuba could still turn out to be motivated more toward identifying critics and opponents of the regime rather than by a real commitment to establish a more open regime. Reportedly, the student who expressed a desire for the freedom to fre-

quent Cuba's hotels, access the Internet and travel abroad was subsequently arrested, reappearing shortly thereafter to "clarify" supportive of Cuban socialism.

- Raúl's expression of interest in having better relations with the United States does not constitute a change in policy, since he conditioned his statement in the same way that Fidel always did—by adding that a better relationship could not be based on preconditions and should be characterized by mutual respect.
- The potential impact of Cuba's recent signing of two important international human rights treaties that Fidel had long opposed was weakened by the subsequent comment of Cuba's foreign minister. The treaties guarantee freedoms such as freedom of religion, freedom to leave a country and the right to self-determination and to peaceful assembly. Cuba's foreign minister subsequently stated that the Cuban government has always upheld these rights, which is not the case. On the other hand, like the Helsinki Accords signed by the Soviet Union and not implemented by Moscow until years later, the new agreements raise the possibility that Cubans in the future will be able to use these new agreements to pressure their government to implement their provisions.

If, on the other hand, the Raúl Castro government were to begin to take significant steps in the direction of a political and economic opening, and the next U.S. president and/or Congress wanted to respond positively to such reforms by increasing U.S. engagement with Cuba, I believe that any increased engagement should be aimed toward leveling the playing field between the Cuban government and the Cuban people. Stated differently, whatever money might enter Cuba as a result of increased U.S. engagement should go overwhelmingly to the Cuban people rather than to the Cuban government. For example, allowing increased U.S. tourism to Cuba would mainly benefit the Cuban government, and particularly the military, which controls the tourist industry, as opposed to the Cuban people. In contrast, engagement that allows Cuban-Americans to send more funds directly to their relatives in Cuba would not only improve their living standards but, in the process, decrease their dependence on the Cuban government. Obviously, these remittances would ultimately find their way into government coffers, but at least they would first improve the living standards of Cuban citizens and while making them less dependent on the government.

Along these same lines, Cuban government reforms that would enable foreign investors in Cuba to hire their own workers and pay them directly in dollars, or in pesos that reflect the real rather than an arbitrary and confiscatory exchange rate, would constitute a significant and positive change on the part of the Cuban government. At present, the Cuban government maintains an artificial exchange rate of one peso to the dollar; the real exchange rate is about 25 pesos to the dollar. Foreign companies operating in Cuba are forced to pay their workers' salaries in dollars directly to the government, which in turn pays the workers in pesos at the one-to-one exchange rate. This means that the Cuban government pays each worker US$1, for every US$25 that it receives from foreign companies for workers' salaries. Under such a system, foreign investment is benefiting the Cuban government, not Cuban workers. This is the kind of engagement that stifles, rather than encourages, meaningful change on the island.

It also would be a mistake for the United States to lift the embargo unilaterally or as a first step in response to reforms that Cuba might make in the direction of free and fair elections and a market economy. Such Cuban reforms are reversible; a lifting of the embargo would not be. Whether or not one supports the embargo, it can be a useful bargaining chip for promoting reform on the island. It is true that the United States is no longer the only or even the principal game in town. Venezuela provides about $2 billion in aid, particularly oil, each year to Cuba. The Chinese and Brazilians are providing significant credits. Mexico is also moving toward increased economic involvement with Cuba. Nevertheless, this does not mean that Cuba does not need or want access to the U.S. market, or to loans from international economic institutions where the U.S. has veto power. Despite reduced U.S. economic leverage over Cuba, the benefits of refraining from a premature lifting of the embargo exceed the costs. The argument that the United States is "losing out" to other countries that are free to invest in, and trade with, Cuba is the same argument that was made in the initial phases of Vietnam's economic opening. If Vietnam is any indication of what could happen in the Cuban case, the absence of U.S. companies in the Cuban market in the early days of a Cuban economic opening would not greatly affect the ability of U.S. companies to gain market share quickly once Cuba significantly implemented market reforms.

Finally, there is the issue of the future of U.S. policy toward Cuba in the context of U.S. policy toward Latin America and the Caribbean. Since the Carter administration, U.S. policy toward the hemisphere has been based on support for democracy and human rights on the political side and on the economic side on support for market economies, free trade and regional integration. These policies, which received widespread support in the past, have more recently come under criticism from certain groups and governments in Latin America, for a variety of reasons. The country leading the opposition to these policies in the hemisphere is Venezuela, under President Hugo Chávez. His control of the country's vast oil wealth has enabled him to buy friends and allies throughout the region and to increase his influence on, and involvement in, the governments of several Latin American countries, including Cuba.

Washington has responded to the fragmentation within Latin America by trying to help and work with those countries in the region that are basically friendly toward the United States and supportive of democracy and market economies. Given the U.S. approach toward the hemisphere, it would run counter to U.S. policy and its interests in the region if Washington were to pursue policies that make it easier for the Cuban regime to avoid opening its economy and political system.

Instead, existing U.S. policies toward Latin America and the Caribbean should be expanded to include Cuba, when and if there has been significant movement toward free and fair elections and a market economy. Key among such policies is the Millennium Challenge Account (MCA), which provides significant development assistance to countries in the region that are making progress in implementing democratic and market reforms. Also relevant are the series of bilateral or regional free trade agreements that the United States has entered into with a large number of its Latin American and Caribbean neighbors. Both policy initiatives are aimed at strengthening democracy and market reforms in the region and would be helpful and complementary to any Cuban efforts to implement such reforms.

At the same time, it is counterproductive to think in terms of extending the above-mentioned policies to a more open Cuba while denying them to friendly and democratic countries in the region that want to participate in them. The failure to approve a free trade agreement with Colombia, a country that has made significant political and economic reforms despite being threatened by a vicious and criminal guerilla movement that receives support from Hugo Chávez, is a serious error. President Uribe has been responsive to Congress' concern over the murder of labor leaders by right-wing paramilitary groups and the number of murders has decreased. Although more remains to be done, Colombia's labor leaders, and Colombians in general, will be safer and more prosperous with a free trade agreement than without it.

In addition, the Millennium Challenge Account needs to be expanded to include not only a democratic Cuba, but also, poor people who happen to live in democratic, middle-income countries. At present, only a small minority of Latin American countries are poor enough to qualify for aid under the MCA. The millions of poor people living in other Latin American democracies such as Peru, Brazil and Mexico are ineligible to receive such assistance. Although funds are not unlimited, and it will be more difficult to target funds and programs to specific parts of countries, the expansion of the MCA to include a larger percentage of the poor in Latin America (a relatively wealthy developing region), would help consolidate the hemisphere's still relatively new democracies and reinforce a democratic transition in Cuba as well.

Part of the argument for doing more to help consolidate democracy and market economies in Latin America is related to U.S. concerns over Venezuela's aggressive efforts to expand its influence in the hemisphere, especially in Cuba, at the expense of the United States. There are signs, however, that Raúl Castro understands that overdependence on Hugo Chávez could lead to the same unhappy result for Cuba that overdependence on the Soviet Union produced in the past. This explains, for example, his courting of President Lula of Brazil. The United States has nothing to fear from the increased involvement of democratic Latin American countries in Cuba. In fact, the United States should welcome such involvement. Given the history of U.S.—Cuban relations, it is probably better for the United States to have other democratic countries take the lead with Cuba.

Furthermore, as a result of the boom in commodity prices and the recent discovery of vast underwater oil and gas reserves in Brazil, there has been a geopolitical shift in the hemisphere. Where before there were only Chávez's ambitious policy initiatives, there is now Brazilian-Venezuelan competition for dominance in the region. And in such a competition, Brazil is far better placed to emerge as the winner, given its more diversified and advanced economy and its relatively strong democratic political institutions and culture. Venezuela, in contrast, is essentially a petro-economy, and while its energy resources remain plentiful, they are declining

as a result of bad economic policies and gross mismanagement. Furthermore, President Chávez's support within Venezuela is also decreasing, as basic foodstuffs become scarce, infrastructure is neglected, splits within the Venezuelan military increase and his aura of invincibility dims in the aftermath of the December 2007 elections.

In this context, current U.S. efforts to lower its rhetoric concerning Hugo Chávez are helpful and should be continued. This does not mean that Washington should not be concerned over the Venezuelan president's actions, such as Chávez's massing of tanks and soldiers on Venezuela's shared border with Colombia. It only means that rhetoric is less useful in protecting U.S. interests in the hemisphere, especially where Hugo Chávez is concerned, than are other policy options.

In conclusion, U.S. policy toward Cuba should not be changed too rapidly, before there is significant movement toward free and fair elections, the granting of some basic freedoms that are now absent, and movement toward a more open economy. Raúl Castro only recently became Cuba's president. There is evidence in his past that he is capable of both reforming and repressing. Washington should therefore be watchful and willing to meet positive, measured changes in Cuba with positive changes in U.S. policy toward Cuba. There is, after all, no reason to believe that the largest market in the world, located just 90 miles from Cuba, has more to lose from avoiding a precipitous change in its policy toward Cuba than Cuba stands to lose from failing to give its people more economic and political freedom as a precondition for establishing a respectful and productive relationship with the United States.

Mr. ENGEL. Thank you, Doctor.

Mr. Sabatini.

STATEMENT OF MR. CHRISTOPHER SABATINI, SENIOR DIRECTOR FOR POLICY, COUNCIL OF THE AMERICAS

Mr. SABATINI. Thank you. Good afternoon, Mr. Chairman, members of the subcommittee. It is a privilege to be here with you. What I am going to talk about is Cuba briefly, what this means for relations in the hemisphere and then touch on the current tensions in the Andean region.

What happened in Cuba with the election and the National Assembly that formally appointed Raul Castro, as we said, is a succession; it is not a transition. Sadly, little has changed, and the odds of domestic economic changes intended to meet the growing economic frustrations of people and raise living standards, such as liberalizing agricultural markets, improving efficiency and productivity and perhaps some currency corrections, I believe very little will change in the near term. Many expected the beginning of a new generational shift with the February 24 National Assembly elections. Instead, the younger generation was passed over. To give you an idea, and not to be ageist here, the average age of the new leadership in Cuba is over 70 years old.

Here are two quick conclusions to take away from this political reshuffling that has basically amounted to a gerontocracy or consolidation of a gerontocracy. First, don't expect a movement toward a China or Vietnam model any time soon. That means a gradual, real economic liberalization for international investors. I say this not because I am attempting to read the facial expressions of people in the National Assembly or attempting to untangle and read the tea leaves or tobacco leaves of Cuba's opaque political system but, rather, for simple structural reasons.

Raul Castro has been the defense minister since 1959. He has also been an institution builder of the Communist Party. What has happened with his appointments and what has happened with his promotion? Succession has been the consolidation of an army/party

model. And that army over the last two decades has increasingly inserted itself in the economic activity of Cuba. Today the two main holding companies of the armed forces, La Gaesa and La Gaviota, represent three-fourths of Cuba's exchange earnings, which is to say, attempts to seriously economically liberalize Cuba on the lines of a China or Vietnam, that many people hope for and sort of try to read between the lines that that is what Raul may be hinting at, simply structurally does not make sense. There are no incentives for the military, to which he has bought their loyalty by giving them economic control over key resources in the economy, does not, will not basically pry its fingers from its own sort of level of activity in the economy.

Second, at a human rights level, little has also changed. As you mentioned, Chairman, of the 75 arrested in the Black Spring crackdown in March 2003, 55 remain in prison. The 20 that were released though were mostly released for medical reasons, and many were released close to the end of their sentences. But, overall, the total number of political prisoners has declined from 316 to 234 in that period. However, much of this also reflects the tactics by the government. In recent years, the regime has learned to rely much more on short-term detentions, harassment, and beatings to intimidate the population rather than the more traditional and overt process of traditional arrests and long-term imprisonments that brought international condemnation down on the head of the Cuban Government in 2003.

I think we can also expect very little to change as a result of these two human rights declarations signed with great fanfare last week. We must remember that Cuba is a signatory to a number of covenants within the International Labor Organization which it regularly flouts, including what Susan Kaufman Purcell just mentioned, the inability of investors to directly contract labor.

Now what this means for the hemisphere: Obviously, the ability of the Cuban Government to survive has increased dramatically because of the support provided by the Venezuelan Government in terms of close to 100,000 barrels of oil per day as well as other investments and benefits. This will undoubtedly allow this regime to continue to avoid and resist the winds of change. Cuba's lack of change in the foreseeable future only underscores the need for the U.S. to redouble its efforts to work with its hemispheric friends to open markets, consolidate democratic institutions, reach out to new and emerging leadership and address concerns of economic and personal insecurity.

Unfortunately, at this time, U.S. assistance in the region has declined relative to its assistance globally. Consensus over the policy agendas which we are seeing now over the trade debate has splintered, precisely when it is most necessary to strengthen our allies. There are three areas—I list more in my testimony, but there are three areas that need to be focused on primarily. The first is the U.S. needs to expand its economic assistance in the region, through programs such as the initiative sponsored by you, Chairman Engel, and Congressman Burton, in the House of Representatives, H.R. 3692. Ultimately, as volumes of research have demonstrated, the ability of countries to reap the benefits of free markets and address income gaps depends on two factors, infrastructure that gives ex-

cluded populations access to markets and education. Assistance to provide those benefits to the broader population is an essential parallel component of our efforts to promote open markets, reduce poverty and create equitable sustainable development.

Second, in this line, the United States needs to follow through on its commitments. In 1994, the heads of states and governments of the Americas convened in Miami in the first ever Summit of the Americas and committed themselves to a Free Trade Agreement of the Americas. While these initial ambitions have not been met, many governments have continued to negotiate with us in good faith. We need to continue to recognize the good faith of these governments to negotiate, and we need to transcend partisan lines to be able to approve the FTAs that are now before the Congress in Panama and Colombia.

Third, the government needs to work with other governments in the region, to improve citizen security and address questions of crime. Today governments are wrestling with the problem of internal democratic security. For this reason, I would say specifically the United States needs to support the Merida Initiative with the Mexican Government. The initiative represents a historic opportunity to collaborate on an issue that is important for our national security and important for our friends south of the Rio Grande. According to a recent survey, 65 percent of the Mexicans support the idea of receiving cooperation from the United States to address security concerns. This is a very popular initiative.

Let me end with three reflections on the tensions in the Andean region. First, the borders between these nations have always been porous, and private armed groups and narcotics traffickers have always flitted between the borders of Colombia and Peru, and Colombia and Venezuela with impunity. This is not to excuse the violation of national sovereignty, but we must recognize that national sovereignty also involves protecting your own border and defending your own national territory from the incursion by private armed groups as well as the government.

Second, this is a conflict that must be resolved at a regional level. It is very important that the U.S. allow regional groups to resolve this issue—much as you said in your letter to the OAS. But, also, the U.S. needs to avoid very carefully giving the impression or reinforcing the impression that the Chavez government is trying to give that this is a proxy war for the United States and Colombia against Ecuador and Venezuela. In that sense, I think we need to be very careful of what to say.

My last comment, I think the reactions by Venezuela and President Uribe about this incursion are very telling about the different styles of these two leaders. President Uribe supposedly commands his army to go a mile within the border of Ecuador, and Ecuador mobilizes troops. And for some reason which I don't quite understand Venezuela mobilizes troops, too. Other border states don't do the same. Venezuela meets its incursion with bellicose rhetoric and the mobilization of 10 battalions. Uribe has now filed a case before the International Criminal Court to try Venezuela for the documents found in Raul Reyes's computer. In other words, one government mobilizes troops and responds with belligerent rhetoric. The other government tries to resolve this in an open and transparent

manner in an international court of justice. I think these two pathways are very illustrative in the way these two leaders behave. Thank you.

[The prepared statement of Mr. Sabatini follows:]

PREPARED STATEMENT OF MR. CHRISTOPHER SABATINI, SENIOR DIRECTOR FOR POLICY, COUNCIL OF THE AMERICAS

Good afternoon, Mr. Chairman and members of the Subcommittee. It is a privilege to be with you to discuss the meaning of Fidel Castro's stepping aside and its implications for Cuba and the Hemisphere. I represent the Americas Society and the Council of the Americas, two organizations created to promote democracy, open markets and the rule of law throughout the Americas.

READING THE TOBACCO LEAVES OF CUBA'S POLITICAL RESHUFFLING:

The last time I had the honor of testifying on Cuba was before the Committee in March 2003, after the crackdown on dissidents and the roundup and imprisonment of 75 democracy and human rights activists. In the five years since, despite the recent political reshuffling, sadly little has changed.

The official resignation by Fidel Castro and the election of Raúl Castro as President and a cadre of old guard around him is a strong signal that nothing has changed or will in the near term. Speculation that Raúl could be a closet reformer who would begin to open the Cuban economy along the lines of China or Vietnam has been dashed by the leaders that Fidel's younger brother brought with him to power and his continued deference to his older brother.

Many expected the beginning of a generational shift with the February 24th National Assembly elections. Instead, the average age of the new leadership is over 70 years old. This includes the elevation of José Ramón Machado Ventura to the first Vice President—a man who, as a medic, fought alongside Fidel and Raúl in the mountains of Cuba, and who has openly expressed his opposition to "perestroika." The appointment passed over the number three, Carlos Lage, whom many thought represented a faction for change. In all, three generals were appointed to high positions in the government, indicating that, if anything, Raúl, who has served as defense minister since 1959, will rely on the armed forces as his base of support and his old allies within the armed forces.

This reliance on the military and Raúl's strong roots within it is significant. In the first instance it will mean an expanded role for army officials in policymaking, over party ideologues or technocrats. It also has implications for the prospect of economic liberalization—Cuba's "perestroika"—that many believed would occur under a Cuba led by Raúl Castro. In recent decades the military has assumed greater control over the economy. Today the military-run holding companies La Gaesa and La Gaviota own everything from hotels to industry and account for three quarters of Cuba's export earnings. Indeed, the military-controlled sectors of the Cuban economy are the most effectively managed and run-in an economy in which inefficiencies, corruption, bottlenecks, and low productivity are endemic. The concentration of economic assets in military hands has, in effect, bought the military's loyalty to the leadership and its policies. Now, with the man who oversaw that expansion of the military's economic role at the top of the national infrastructure, it is difficult to imagine that Raúl will pursue economic policies that could potentially hurt the military's economic prerogatives.

Much has been made of Raul Castro's more delegatory management style as opposed to his brother's autocratic, micro managing, top-down method of imposing his personal will. We should not make too much of this difference in style, particularly in light of the recent elections. Managing the armed forces, particularly as they have expanded to economic sectors, demands a level of delegation. The question is to whom he delegates and the opportunities for the diversity of opinions to translate into real change. And here there is little indication that delegation and the processes of airing frustrations have produced real changes in decision-making and policies. The Cuba regime remains, from its genesis, a top-down structure, now controlled largely by a cadre of aging military officers with little structural, personal or historical incentive for change.

At a human rights level, little has also changed. Of the 75 arrested in the Black Spring crackdown of March 2003, 55 remain in prison—the 20 were released for medical reasons, close to the end of their sentence. Overall the total number of political prisoners has declined from 316 to 234, according to a source inside the island. However, much of this reflects a change of tactics by the government. In recent years, the regime has learned to rely more on short-term detentions, harassments,

and beatings to intimidate the population rather than the more traditional arrests and long-term imprisonment used in 2003 that brought international condemnation. Observers have also made a note of the recent signing by the Foreign Minister, Felipe Pérez Roque, of two human rights accords. We should not make too much of this and remember that the Cuban government has signed or is a party to numerous human rights and labor rights treaties and agreements, including the Universal Declaration on Human Rights, numerous International Labor Organization covenants, and even signed the IberoAmerican Viña del Mar agreements that commits signatories to free and fair elections. Moreover, the government has already admitted that it will only adhere to the parts of the recently signed agreements that it considers relevant.

IN THE CONTEXT OF THE HEMISPHERE:

Cuba's lack of change in the foreseeable future only underscores the need for the U.S. to redouble its efforts to work with its hemispheric friends to open markets, consolidate democratic institutions, reach out to new, emerging leadership, and address concerns of economic and personal insecurity.

The lack of political change in Cuba is in many ways emblematic of the divisions within the hemisphere: on the one hand we have forward looking, responsible governments (of both the so-called right and left) that are pursuing economic growth, poverty alleviation and open markets through fiscal responsibility and deepening free trade agreements globally. On the other we have a set of governments that are pursuing a set of anachronistic economic policies of fiscal profligacy, top-down political patronage, and state-centric economic planning. In the former camp, we have the diverse governments of Michelle Bachelet of Chile, Felipe Calderón of Mexico, Alvaro Uribe of Colombia, Luiz Ignácio Lula da Silva of Brazil, Tony Saca of El Salvador, Leonel Fernández of the Dominican Republic, and Tabaré Vázquez of Uruguay. While much has been made of the so-called leftist shift in the hemisphere, the truth is that this group, in terms of economic and fiscal policies, has more in common despite the ideological labels that others have tried to apply to them. They embrace responsible economic and political policies.

In the other camp we have a group of outside leaders who have risen to power on popular frustration, anger against the previous ruling classes' malfeasance and isolation, and the collapse of institutions that reflected patterns of social and racial exclusion. Sadly, for many of these leaders Cuba remains a source of inspiration, despite the very obvious failings of the government and its repressive policies. While part of this is ideological affinity, there is also a material, pragmatic component to it. The Cuban government has been effective in delivering grassroots assistance programs to poor communities, in the form of medical care and education, and in promoting those programs to the local population as an example of Cuba's solidarity with the underprivileged.

This division in the hemisphere, which I stress should not be seen as ideological or implacable, is unfortunate. U.S. policy should be oriented towards assisting those forward-looking governments that are willing to embrace the modern global economy, including open markets, responsible policies of poverty alleviation and social assistance, and democratic political inclusion.

Unfortunately, at this critical time, U.S. assistance in the region has declined, and consensus over the policy agenda has splintered precisely when it is most necessary to strengthen our allies. There are five areas in which the U.S. should be seeking to strengthen and expand the groups of modern leaders.

First, the U.S. needs to expand its economic assistance to the region, through programs such as the initiative sponsored by Chairman Engel and Congressman Burton in the House of Representatives (H.R. 3692). Development assistance to the region has declined in recent years as a percentage of U.S. development assistance globally. This is unfortunate, particularly as we seek to create economic opportunities through the opening of markets in the hemisphere. Much like the sponsored bill, economic and development assistance in the region must be tied to the goal of opening markets and trade. Ultimately, as research has demonstrated, the ability of countries to reap the benefits of free markets and address income gaps depends on two factors: infrastructure that gives excluded populations access to markets, and education. Assistance to provide those benefits to the broader population is an essential parallel component of our efforts to promote open markets, reduce poverty and create equitable, sustainable development.

Second, in this line, the U.S. needs to follow through on its commitments. In 1994 the heads of states and governments of the Americas convened in Miami in the first-ever Summit of the Americas and committed themselves to a free trade agreement of the Americas. While these initial ambitions have not been met, we must, as a

nation, follow through and support those countries and leaders who have continued to negotiate in good faith with the U.S. for this goal. Doing so is essential to maintaining bipartisan consistency in our policy towards the Americas and deepening our relations with our friends in the hemisphere. To this end, the Council of the Americas strongly supports the approval of the Colombia and Panama free trade agreements.

Third, the U.S. should continue to engage in free trade negotiations with countries willing to embrace the global economy and open markets. This should not be exclusive of the supposed ideological persuasion of the government in power. We must seek to create an inclusive hemisphere that embraces a modern, integrated economy that can lift all people. In countries such as Ecuador and Bolivia a new leadership class is coming to its own, after centuries of exclusion. If there is genuine, sustained interest on their part, the U.S. must demonstrate it is willing to listen and negotiate in good faith to help to promote their integration into the modern global economy and avoid a reversion to outmoded, autarkic development policies. In this regard, we applaud the Congress' approval and the President's signing the renewal of Andean Trade Preferences Act (ATPDEA).

Fourth, as the price of oil continues to soar, the U.S. needs to work with its friends in the region to ensure access to energy sources and the development of new energy sources.

Fifth, the U.S. government needs to work with governments in the region to improve security. Today governments throughout the region are wrestling with the historical lack of a strong state that can effectively ensure democratic security for its citizens. This is a complex and long-term issue that has implications both for democracy in the region and for U.S. national security.

According to region-wide surveys, the number one or number two concern of Latin American citizens—depending on the country—is crime. That personal security has reached such a level of prominence in the minds of Latin Americans is no small feat in the most economically unequal region in the world. And perhaps not surprisingly, surveys indicate that those who feel most unsafe and threatened by crime are also those most willing to jettison human rights and democratic institutions in favor of more security.

The growth of narcotics trafficking and the attendant political and institutional corruption along with the strengthening of regional criminal networks such as the Central American *maras* transcend borders and effect our own citizens' and national security.

For this reason, precisely, the U.S. needs to support the Merida Initiative with the Mexican government. The initiative represents an historic opportunity to collaborate on an issue of powerful importance to both Mexicans and Americans. According to a recent survey, 65 percent of Mexicans support the idea of receiving cooperation from the U.S. to address security concerns. As in so many issues—immigration and economic integration—among them, we are strongly tied by geography, shared national interest, and common goals to Mexico and its citizens on security.

CONCLUSION:

In sum, with the Castro brothers in power, Cuba remains stuck in the past with little hope or opportunity for change emerging from a tightly controlled, geriatric inner circle. At the same time, though, much of the rest of the hemisphere is moving forward. In the face of the stasis within the Cuban government, the U.S. government can demonstrate its willingness to embrace and support those who do choose a path that looks to a modern, realistic future. This implies a greater effort to work with governments that are wrestling with the twin demands of Latin American citizens: economic and personal security. First, academic research and experience have taught us that open markets with a targeted development assistance program that seeks to address structural and resource-based inequality is the surest path towards growth and prosperity. Second, as citizens become increasingly concerned over crime and security, the U.S. must work with those elected governments that respond to citizens demands by addressing security and crime within a democratic framework.

Mr. ENGEL. Thank you.

Ms. Menges.

Mr. PURCELL. Excuse me, Congressman. I am on the same plane that leaves at 7:20. Forgive me, but I am afraid I need to go. Thank you very much.

Mr. ENGEL. Thank you.

STATEMENT OF MS. NANCY MENGES, EDITOR IN CHIEF OF THE AMERICAS REPORT, MENGES HEMISPHERIC SECURITY PROJECT, CENTER FOR SECURITY POLICY

Ms. MENGES. Thank you, Congressman Engel and Congressman Sires. Thank you very much for inviting me to testify here today and thank you for being here and staying.

I know we are all a little tired at this point. You know, I don't want to repeat much of what has already been said about Cuba, and much of which I concur with. In our written statement, we have reasons why we support the continuation of the embargo. And what I wanted to talk about instead was another part of our testimony that has to do with Hugo Chavez and the Iranian connection.

Mr. ENGEL. Let me just say that everyone's testimony will be part of the official record, will be submitted for part of the official record. So, please, go ahead.

Ms. MENGES. Okay. Thank you, Congressman. First, I would like to say that Hugo Chavez has a very direct connection to Castro and, in fact, in many ways is the economic lifeline of the Cuban regime and gives to Cuba between $3 billion and $4 billion of free oil a year and also $1.5 billion in economic assistance. The question is: If this amount of funding was not supplied by Chavez, how would that affect the Cuban regime and its people?

Going on from there in terms of the Iranian connection, I will read directly from my testimony, if I might. In practical terms, Chavez has been the leader in forging an alliance with Middle Eastern rogue states, and with Iran in particular, and is now trying to draw new populist leaders into such an alliance. The visit of Iranian President Ahmadinejad to Venezuela, Nicaragua and Ecuador, as well as his meeting with Evo Morales reflects, not just the mere Iranian initiative to break its international isolation, but is very much encouraged by Hugo Chavez's affinity with the Islamic republic's tyranny. In March 2005, Venezuela and Iran signed an agreement of commercial and technological cooperation during the visit of President Khatami to Caracas. On that occasion, Chavez defended Iran's right to produce atomic energy and to continue research in the area of nuclear development. Chavez spoke about his aspirations to develop nuclear weapons for peaceful purposes and his intention to seek cooperation with Latin American countries and Iran in this regard.

All this takes place amid reports on Chavez's alleged relation with radical Islamic groups, including the Iranian-backed Hezbollah, and allegations of government anti-Semitism in Venezuela following a typical Iranian pattern. Since 2003, there have been reports on the presence of Islamic terrorist groups on Margarita Island. The U.S. Southern Command stated that Isla Margarita is one of the most important centers of terrorist gathering and money laundering activities for Hamas and Hezbollah. The Chavez regime is giving out Venezuelan passports to foreigners from countries such as Iran, Syria, Pakistan, Egypt, and Lebanon.

Going on, Chavez has spoken publicly about the adoption of methods such as suicide bombers in case of a war or wars forced upon Venezuela by the United States. This is what he calls an asymmetric war, the kind of war Iran has promoted by its terrorist proxies and protégés in the Middle East. This doctrine calls for a

long-term asymmetric war in which Chavez loyalists of foreign individuals would wage a war of the people on all fronts against invading U.S. military forces.

Iran's presence can be felt also in Nicaragua, as Iran recently established a huge Embassy in Managua. Diplomats have immunity coming and going in Managua, and there is no control over the movement of Iranian diplomats, as I just said. In mid-2007, it was discovered that Ortega permitted 21 Iranians to enter the country without visas. This could have serious implications for the security of the region. Iran has signed numerous agreements with Ortega on matters related to energy, technology, and commerce. Most troubling is the $350 million deep-water port Iran is planning on building on Nicaragua's Caribbean Coast, which is to be connected to the Pacific Coast by a dry canal. And Bolivian President Evo Morales has also welcomed the Iranians who are planning on opening a radio station there to broadcast their programming to the rest of South America. This is a serious matter since such a station would help Iran spread its ideology in the Western Hemisphere.

Mr. ENGEL. Ms. Menges, let me just ask you also to summarize in the next 30 seconds. And if you could pull the microphone a little closer, I think we could hear you better.

Ms. MENGES. Surely. To summarize, the affinity that Iran has or that Chavez has with Iran and groups that he alleges—wait a minute. I am sorry. I am jumping around in my testimony.

[The prepared statement of Ms. Menges follows:]

PREPARED STATEMENT OF MS. NANCY MENGES, EDITOR IN CHIEF OF THE AMERICAS REPORT, MENGES HEMISPHERIC SECURITY PROJECT, CENTER FOR SECURITY POLICY

I would like to thank the Chairman, Eliot Engel and members of the Subcommittee for inviting me to testify at this hearing. The subjects of my presentation include the recent change in leadership in Cuba, why it is important to retain the embargo as well as issues in Latin America that have a direct bearing on the national security of the United States.

Prior to beginning, I would like to thank Congressman Ron Klein and Congressman Connie Mack for their Resolution to Combat Terrorism in Latin America and their recognition of the growing influence of Iran in the Hemisphere. I would also like to thank my colleagues, Nicole Ferrand and Luis Fleischman who traveled from New York and Florida respectively and who made valuable contributions to this written testimony.

IMPLICATIONS OF THE RECENT CHANGE IN CUBAN LEADERSHIP

Due to his illness, Fidel Castro appointed his brother, Raul Castro acting president of Cuba in July, 2006. On February 24, 2008, Cuba's highest governing body, The Council of State, made this appointment permanent. Though characterized as a better and more pragmatic manager, Raul, who has been Defense Minister for the past forty nine years, has been a life long communist and remains ideologically close to his brother. Therefore, many believe that though there may be some minor changes he will not deviate significantly from the last almost half century of Castro rule. From his hospital bed, Fidel remains an important presence and continues in his post as the head of the Cuban Communist Party.

Since becoming president, Raul has promised "structural changes" and said "we have to make our government's management more efficient." According to recent news reports, he has acknowledged that the average Cuban salary of twelve to seventeen dollars a month is too little to live on. While Raul talks of increasing salaries and lessening government control over the economy, his actions have only been reflected in minor changes in policy. For example, the Cuban government has decentralized the production and distribution of milk and has ordered new buses from China to ease major transportation problems. However, in terms of how the majority of the Cuban population still lives, very little has changed. Food continues to be rationed by neighborhood block committees, goods such as eggs and chicken are in

short supply, the monthly ration reportedly only lasts for one or two weeks, housing is limited and overcrowded, and in spite of people's efforts to get ahead, the government taxes income earned from private initiatives or refuses to grant licenses to "businesses on the side."

What is interesting is that after the fall of the Soviet Union and the halt in their economic support, Cuba's economy (according to a February 23, 2008 report in the Economist) shrank by 35 percent. As a result, Castro declared a "special period" and opened the economy to tourism, foreign investment in certain sectors, farmers markets, small privately owned businesses, and legalized the use of the dollar which opened the way to hard currency via remittances from one million plus Cuban Americans.[1] This special period lasted from 1989 to 1996 and was reversed even though the economy was beginning to stabilize. Perhaps, the reasons why it was reversed have implications for how the current leadership may react. Apparently, the reforms were stopped because Castro believed that some people in society were benefiting more than others and that "it was a threat to the regime as it undermined party control."[2] In terms of current financial support, Cuba now relies on Chinese credit and three to four billion dollars worth of free oil from Hugo Chavez as well as an additional one and a half billion dollars of additional aid from the Venezuelan president.

While there has been a change in leadership in Cuba, there has not been a transition to any significant change in ideology, in governance, in the abysmal living conditions of most Cubans, nor in the area of human freedoms. As reported by various human rights organizations, there are approximately two hundred political prisoners incarcerated in Cuban jails. It is also important to keep in mind that the Castro brothers remain hostile to American values and principles, especially democratic governance, capitalism and free markets and that they have spent their entire adult lives fighting against "yankee imperialism." In addition, it was not that long ago that Castro met with Ahmadinejad of Iran and proclaimed, "together, we will bring the U.S. to its knees."

THE EMBARGO

The United States embargo against Cuba is an economic, commercial and financial instrument enacted on February 7, 1962 after Cuba expropriated the properties of U.S. citizens and corporations. The embargo was tightened in 1963 after the Cuban Missile Crisis and was reinforced in October 1992 by the Cuban Democracy Act and in 1996 by the Cuban Liberty and Democracy Solidarity Act (known as the Helms-Burton Act). This latter measure applies to foreign companies trading with Cuba and is meant to penalize those companies that allegedly traffic in property formerly owned by US citizens but expropriated by Cuba after the revolution. In October 2000, the embargo was further altered by the Trade Sanctions, Reform and Export Enhancement Act that relaxed the sale of agricultural goods and medicines to Cuba for humanitarian reasons.

Contrary to critics' claims, lifting of the embargo and the travel ban without meaningful changes in Cuba will have several negative repercussions. First, it will send a poor message about U.S. toleration both of Cuba's patterns of unsavory behavior and its totalitarian system. Second, a cessation of the embargo will strengthen state enterprises since most Cuban businesses are run by the state and since the Cuban government retains a partnership interest in all foreign investment. Third, it will lead to greater domestic repression and control because the leadership fears the "subversive" effects of U.S. influence upon the Cuban people. Thus, a transition to democracy on the island will be delayed. Finally, the regime in Havana will gain access to financial benefits from international organizations such as the IMF and the World Bank that could help it resolve its debt and solvency concerns.[3]

The embargo should only be lifted when Cuba changes its current system and develops a democratic society. U.S. policy towards Cuba is not anachronistic but is rather aimed at the legitimate goal of a free Cuba; the lifting of the embargo now will be an important psychological victory for Castro and would be interpreted as a defeat for U.S. policy. There is also no indication that negotiation and incentives can influence Cuba, which has ignored such "carrot and stick" approaches in the past. Without major internal reforms in Cuba, the Castro government—not the Cuban people—will be the main beneficiary of the lifting of the embargo, since it will use this newly acquired wealth to strengthen its hold on the Cuban people, to

[1] The Economist, Feb 23, 2008. The Commandante's Last Move.
[2] The Economist, Feb 23, 2008. The Commandante's Last Move
[3] What lifting embargo on Cuba would really mean. By Georgie Ann Geyer. July 20, 2000.

rebuild its military apparatus, and to engage again in supporting anti-American terrorist and violent groups in Latin America and elsewhere.

The U.S. has followed a regional policy that fosters human rights, liberal economic policies, and democratically elected civilian governments. U.S.-Cuba policy should be no different. To lift the embargo now is to provide Castro with a gift he does not deserve.

HUGO CHAVEZ, CASTRO AND THE REGION

Hugo Chavez plays a crucial role in providing life-oxygen to the Cuban regime. In this time of history it is Hugo Chavez who represents the main threat to regional stability and geo-political security in the western hemisphere and perhaps beyond. We cannot talk about events in Latin America without referring to Venezuela's President, Hugo Chavez and the rise of Chavism.

Indeed Hugo Chavez has increasingly transformed a democratic country into a defacto authoritarian socialist regime. Chavez has increased his role in regional affairs by reaching out to other countries in the area in search of allies under the slogan of Bolivarianism or Latin American unity. As part of this, Chavez has attempted to influence political processes in neighboring countries as well as reaching out to new revolutionary movements emerging in Latin American society. Chavez has defied the United States in the midst of the war against radical Islamic terrorism by strengthening relations at many levels with Iran and by allegedly associating and protecting elements associated with Middle East terrorist organizations. These actions could have major geo-political implications for our country and the hemisphere as a whole.

Since losing the December 2, 2007 referendum, Chavez's popularity within Venezuela has significantly declined. According to recent poll data (as reported by Juan Forero in the Washington Post) a Caracas pollster Alfredo Keller and Partners said that Chavez's popularity has dropped to 38 percent from 65 percent in 2006. This is mostly due to Chavez's poor handling of the economy which has led to a 22 percent rate of inflation, and the absence or shortages of basic foodstuffs. There has been a dramatic rise in crime and many Venezuelans are now wondering why Chavez is giving away free oil and financing projects in other Latin American countries while their standard of living has precipitously declined. Since Chavez has nationalized many companies, halted foreign exchange sales and imposed import and price controls, many companies and factories were forced to close down and thousands of businessmen and professionals have left the country.

THE IRANIAN CONNECTION

In practical terms Chavez has been the leader in forging an alliance with Middle Eastern rogue states and with Iran, in particular, and is now trying to draw new populist leaders into such an alliance. The visit of Iranian president, Mahmoud Ahmadinejad to Venezuela, Nicaragua and Ecuador as well as his meeting with Evo Morales reflects not just a mere Iranian initiative to break its international isolation. It is very much encouraged by Hugo Chavez's affinity with the Islamic Republic's tyranny.

In March 2005, Venezuela and Iran signed an agreement of commercial and technological cooperation during the visit of Iranian President Mohammed Khatami to Caracas. On that occasion, Chavez defended Iran's right to produce atomic energy and continue research in the area of nuclear development. Chavez spoke about his aspirations to develop nuclear weapons "for peaceful purposes" and his intention to seek cooperation with Latin American countries and Iran in this regard. An additional deal was signed between Venezuela and Iran in March 2006. The two countries established a $200 million development fund and signed bilateral deals to build homes and exploit petroleum. The Venezuelan opposition raised the possibility that the deal could involve the transfer of Venezuelan uranium to Iran.

This seems to be corroborated by a report published by a Venezuelan paper in which the Israeli Mossad provided exact locations of sources of uranium production in Venezuela. A Venezuelan nuclear expert confirmed that the Israeli report is credible and that in Venezuela there are important quantities of nuclear fuel. It has also been reported that Iranian and Cuban geologists are working with a team of Chavez loyalists in the exploration for uranium deposits. Moreover, Venezuela voted in the United Nations against reporting Teheran to the U.N. Security Council for its uranium enrichment program confirming the complicity and mutual sympathy of both regimes.

All this takes place amid reports on Chavez's alleged relation with radical Islamic groups including the Iranian-backed Hezbollah, and allegations of government anti-Semitism in Venezuela, following a typical Iranian pattern. Since 2003, there have

been reports on the presence of Islamic terrorist groups in Margarita Island. The US Southern Command stated that Isla Margarita is one of the most important centers of terrorist gathering and money laundering activities for Hamas and Hezbollah. The Chavez regime is giving out Venezuelan passports to foreigners from countries such as Iran, Syria, Pakistan, Egypt and Lebanon. The *Miami Herald* reported in November 2004 that the agency in charge of issuing these passports is called "Onidex" and the people in charge of the agency include an ardent supporter of former Iraqi dictator, Saddam Hussein and the son of the representative of the Iraqi Baath party in Venezuela.

Venezuelan state radio accused Venezuelan Jews of trying to influence the US Administration in opposing Hugo Chavez. Jewish schools and institutions were victims of a raid after a Chavista prosecutor was found murdered. The reason for such a raid follows the logic of the elders of Zion in Czarist Russia and now its Islamist followers: The Israeli Mossad was supposedly one of the crime's suspects, not based on any evidence, but on an unfounded anti-Semitic conspiracy theory. These charges were mostly made by Venezuelan state radio and TV. Of course, the raid did not advance the investigation. However, it unmasked a regime, which like Iran, is hostile to the Jewish minority. Most recently an Argentinean federal prosecutor found the Iranian Embassy in Buenos Aires and Hezbollah operatives in Latin America mainly responsible for the attacks against the Jewish community headquarters in 1994.

Chavez has spoken publicly about adoption of methods such as suicide bombers in case a war is forced upon Venezuela by the US. This is what he calls an "asymmetric war," the kind of war Iran has promoted via its terrorist proxies and protégées in the Middle East. This doctrine calls for a long-term "asymmetric war" in which Chavez loyalists and foreign individuals (such as from the Middle East) would wage a "war of the people" on all fronts against invading U.S. military forces. This doctrine, whose intellectual author is Jorge Verstrynge, a Spanish radical, is a technical treatise on terrorism, and praises Islamic terrorism as a most effective warfare method since it involves fighters willing to sacrifice their lives to kill the enemy. This was Iran's basic philosophy in its eight year old war with Iraq. Now that Ahmadinejad has visited these Latin American countries, reports talk about expanding economic relations between Venezuela and Iran, and a common fund to help developing countries. They also talked about energy issues and their goal to devalue the American dollar.

Iran's presence can be felt in Nicaragua as well. Iran recently established a huge embassy in Managua. Diplomats have immunity coming and going and the building is protected from espionage. There is no control over the movements of Iranian diplomats. In mid 2007 it was discovered that Ortega permitted 21 Iranians to enter the country without visas. This clearly shows that the Ortega regime, like Chavez, is not monitoring who is entering their respective countries. This could have serious implications for the security of our region. Iran has signed numerous agreements with Ortega on matters related to energy, technology, and commerce. Most troubling is the $350 million dollar deep water port Iran is planning on building on Nicaragua's Caribbean coast to be connected to the Pacific coast via a dry canal.

In Bolivia, President Evo Morales has also welcomed the Iranians who are planning on opening a radio station there to broadcast their programming to the rest of South America. This is a serious matter since such a station will help Iran spread its ideology in the western hemisphere.

There are many things that make Iran a threat: Iran could encourage terrorism in the region via a Hezbollah-FARC partnership, which could destabilize Colombia and beyond. Correa and Chavez are friendly to the FARC and ideologically close. Iran's presence could also spread Radical Islam in the area that could have the same threatening effects it has today in Europe. Like Venezuela these countries may provide citizenship to potential terrorists willing to perpetrate attacks in the US. Iran Air has weekly direct flights between Caracas, Damascus and Tehran. There are no large numbers of passengers that justify weekly travels between theses countries. Therefore, it is reasonable to speculate that these flights transport material which could be highly problematic. Nothing is evident but everything is possible. Even while the crisis in the Middle East continues it is crucial for American decision makers to think about strategies to contain the Iranian influence in our hemisphere as well as Hugo Chavez, himself.

CHAVEZ AND HIS CONNECTIONS TO THE GRASSROOTS

Beginning in the mid 1990's, new grassroots movements began to appear on the Latin American scene. These movements have different characteristics and claims depending on the country they emerge from. They mostly arise as a natural result

of an expanded democracy and openness of an increasing wave of democratization in Latin America. Formerly excluded groups that had no representative voice in the system or were living at the margins of society became more and more self-conscious and achieved a new degree of mobilization. This includes nationalist indigenous, unemployed, masses of unorganized poor, peasants and others. These are groups that have felt deceived by the system throughout the years.

These movements are not necessarily uniform. Even though most of them tend to seek radical change they differ in their characteristics, intensity, modus operandi and success. There is a strong element of revolutionary socialism and fierce opposition to capitalism and free market policies and strong feelings of Anti-Americanism that characterizes all of these groups. Their revolutionary potential is seen as an important factor in Chavez's trans-national ambitions.

In order to connect to the grassroots in the region, Hugo Chavez founded the People's Bolivarian Congress (CBP) in 2003. According to this organization, the peoples or grassroots are oxygen-like elements in this struggle to achieve unity. The CBP would be a means to fight common problems and at the same time build a new thought and identity in Latin America, "which will build a Bolivarian doctrine of liberation and a great movement of emancipation for the Americas." Thus, Chavez has developed a strong and active relation with a number of grassroots organizations.

Among those organizations Chavez has developed a stronger affinity with violent groups. The FARC (the Revolutionary Armed Forces of Colombia) is the most important of all of them. The FARC is a left-wing, narco-terrorist, guerilla group operating in Colombia. Chavez sees Colombia and particularly it's President, Alvaro Uribe as a US ally and an enemy of Chavez' revolution. Recent reports indicate that Chavez provided Venezuelan territory and airports to transport drugs produced in Colombia to other countries including North America.

Another group is the Argentinean "Picketers" and particularly one called "Quebracho." The group advocates the use of revolutionary violence and it is convinced that violence is more effective than any other form of struggle, especially voting, to achieve its ends. The "picketers" organized the violence that toppled President Fernando De La Rua in 2001.

Another group is the Peruvian etno-cacerist movement, an ultra-nationalist movement that supports Indian separatism and embraces racist views. The leader of this group is Ollanta Humalla, who unsuccessfully ran for President in 2006 with financial support from Chavez . Last July Humalla organized violent, massive protests that took place in different regions in Peru. Soon the demonstration spread, the number of strikers increased and violence intensified.[4] In the Southern region of Puno airports and train stations were stormed, eggs and tomatoes were thrown on President Alan Garcia's supporters, and angry demonstrators held several police officers hostage. Humala suddenly appeared on the public scene calling for the resignation of President Garcia. It was also reported that Humalla receives $600,000 monthly from Hugo Chavez to promote social unrest in the country.

Hugo Chavez maintains connections to the grassroots via ideology and via supporting violent action on the ground. In countries such as Bolivia and Ecuador where the regimes are clearly pro-Chavez, he maintains strong connections aimed at perpetuating his ideology of Latin American unity and integration, promoting anti-democratic measures, socialism and anti-imperialism. In those countries such as Peru and Colombia that are clearly anti-Chavista or Argentina where the President is pro-Chavez but the Chavez social and political blueprint has not been implemented, Chavez has preference for violent groups such as "Quebracho," the FARC, and Humala's etnocaceristas. Violence has historically played an important role in the emergence of fascist and totalitarian movements. Violence provides the perpetrators and those surrounding them with a sense that victory is right around the corner.

Hence, we can explain Chavez's affinity with Iran and Hezbollah, groups that he allegedly protects and embraces. Moreover, there has been interpenetration between Chavismo and Hezbollah among the Wayuu Guajira Indians, which is the largest indigenous group in Colombia and Venezuela. The so called Hezbollah Latin America is composed not only by people from the Middle East who have entered the country, but by home grown Wayuu Indians based in Venezuela who support Hugo Chavez. This group believes that salvation will come only through a theocratic political, Islamic force. With Chavez's help, Hezbollah succeeded in penetrating a socially marginal group and indoctrinating it with Islamic ideology.

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[4] Ferrand, Nicole, Chavez Dangerous Intervention in Peru," *America's Report*, July 26, 2007

CONCLUSION AND POLICY SUGGESTIONS

For the last century Latin America has enjoyed a situation of relative peace and harmony. However, the state-system in Latin America now seems to be radically challenged by Hugo Chavez not only through interference in other states internal affairs but also by an escalation of tensions that will not only lead to regional competition but perhaps also to an arms race. The continent is definitely moving from a situation of 100 years of international peace to a destiny whose prospects are uncertain. Last weekend's Colombian operation in Ecuador that targeted FARC leaders was an action of self-defense, carried out by Colombia in response to a situation created and promoted by Hugo Chavez. The result of this action is that the Colombian army retrieved evidence from "Raul Reyes," the FARC second in command, linking Ecuadorian President, Rafael Correa and Hugo Chavez with the terrorist organization. Venezuela and Ecuador have moved troops to their border with Colombia and many fear an armed conflict might occur. The United States' firm support of Colombia will send an important message to our Latin American allies that we can be relied on in times of crisis.

In terms of an arms race, during the last three years, Russia has sold Venezuela 100,000 AK–103 assault rifles, 53 helicopters, including 12 Mi–17 military helicopters, and 14 Su-30MK fighter aircrafts. That has represented for Russia earnings of over 5 billion U.S. dollars. Russia has also offered to sell Venezuela 50 of its most advanced warplanes, the MIG 29 Fulcrums. Last year, Chavez stated that Russia would deliver 5 Kilo class 636 diesel submarines to Venezuela, 10 more Su-30MK fighter aircrafts and 5,000 Dragunov sniper rifles. Currently, plans are being made to acquire from Russia an additional 36 helicopters and Su-35 fighters, a yet undetermined number of Antonov transport aircrafts. Talks about setting up a factory of Russian weapons in Venezuela are currently underway.

This rearmament causes concerns among Venezuela's neighbors and the US, since Chavez is building alliances with subversive groups everywhere in the region. This includes its recent petition for removing the Colombian FARC and ELN from the list of "terrorist organizations," despite the fact that they have kidnapped over 700 people, are involved in arms and drug trafficking, have employed car and gas cylinder bombs, landmines, extortion, hijacking, and enrolled, by force, poor children in their army.

Venezuela will face municipal and regional elections in November, 2008. A victory for the opposition is possible but we believe Chavez will try to do everything possible to make sure the results favor his candidates. The US and its allies must work with opposition leaders and activists in countries such as Venezuela, Ecuador, and Bolivia who are committed to true democracy and the rule of law.

In March 2007, Brazilian President, Lula Da Silva, signed an agreement with the US whereby both nations made a commitment to cooperate in deepening research on bio-fuels and alternative sources of energy and the development of a global market (particularly Latin America) for these products. This is an important step in reduction of regional dependency on oil which is Chavez's most precious tool in obtaining his imperial ambitions. It would also be tremendously helpful in weakening Chavez's grip on power, if the United States were able to decrease the amount of oil it buys from Venezuela. Venezuela has limited markets for the type of heavy crude it produces, so a reduction in sales from the US would definitely be a blow to Chavez.

It is important to strengthen existing alliances in the region, re-authorize "Plan Colombia" and ratify free trade agreements with Panama and Colombia. Otherwise, a feeling of US abandonment by these countries can have negative consequences. Most recently, with the hostage crisis in Colombia, we witness the threat this ally is facing at the hands of Chavez.

Penetration of Iran in the region should not be tolerated by the United States. The US must do its best to educate Latin American countries about the dangers of the Islamic Republic to them, particularly in their support for terrorism and their alliance with potentially subversive elements. One way of countering Iranian radio programming and propaganda is to rebuild our own public diplomacy efforts and our own broadcasting. Iran could be a problem not only for the US but for other Latin American countries because, as we pointed out, Iran is likely to serve the Chavez agenda and actively support and train violent groups that are enemies of democracy.

We cannot afford to be optimistic about events in Latin America in the era of terrorism in an area where Chavez and Iran are cooperating so closely. Our foreign policy should be comprehensive and creative and needs a most serious cooperation between the Administration and Congress. It needs to be taken seriously and not pushed to the backburner because of the emergence of other conflicts in the world.

Mr. ENGEL. Well, I think, you know, you have more than adequately given us your warning about Iran. And let me just say that the recent trip that I have taken to Bolivia and Argentina and Ecuador, we talked about the Iranians during the entire trip, particularly in Bolivia. As you mentioned, they are building a television station to broadcast their propaganda, and it is something that concerns us all.

Since we have all been here for a while, let me ask Mr. Sires if he can start with any questions he might have. And then I will pick up with one or two after he is done.

Ms. SIRES. Thank you, Mr. Chairman.

I am just curious as to what you think would happen if the embargo were to go away in Cuba, given the fact that all these investments in Cuba never reached the people and so forth.

Mr. SABATINI. I first think there would be protests in Calle Ocho in Miami.

Ms. SIRES. That is a given.

Mr. SABATINI. But I think in terms of the structure within Cuba, little would change. If you speak to investors who go to Cuba to negotiate—and you know, if you invest in Cuba, you negotiate with the state. The state contracts all of your labor for you. It pays its workers for you. It becomes your partner, and there are very few guarantees on private property. I think what would happen is basically that lifting the embargo would enrich the state. While there are elements of the embargo that would perhaps improve people's access to information if they were lifted, there is no private sector, similar to what existed in China before we opened up trade relations with China or with Vietnam. I was talking recently to a consultant who actually brokers deals in Cuba. And he says, listen, the Cuban officials, they have no interest in changing. They have no interest in changing. Their ultimate goal in negotiating with investors is self-preservation, which makes sense. And so I think very little would happen on that front. Another thing that would happen: Investors that would invest in Cuba under the current labor laws would be party to some of the most repressive labor laws and in violation of some very important covenants within the ILO, including the right for workers to form independent workers unions. Five of the people that are currently in prison of the 55 were trying to organize independent labor organizations in Cuba, and they were arrested, and they are still there. That is a basic violation of international human rights. And if we were to lift the embargo today, we would be allowing investors to contract near slave labor.

Mr. SIRES. You know, I am glad you made that very clear. Because one of the things that is a concern with the Colombian Free Trade Agreement is the fact that supposedly there is this repression against unions in Colombia. But yet, over the last few years, we have seen the Colombian Government bring a lot of people to justice. And now we have a situation in Cuba where people are thinking that by us changing the embargo, that all this is going to trickle down to the Cuban people. All—in my eyes, I said it before, I think it will lead to maybe more oppression. In terms of the investment, you will negotiate with the government. The government will do the same thing. You pay the government in dollars. They

will pay you in pesos, and the people of Cuba will continue to struggle. I am curious as to how your opinion of something like that would happen.

Mr. SABATINI. I think the investment in Cuba—sorry.

Ms. MENGES. I very much agree, and I think that it would do a great disservice to the Cuban people because to lift the embargo is to—it would send the message that Castro has been right for the last 50 years, and we have been wrong. I think it also—in terms of how it would affect the people, I think it would lead to worse conditions for the people because I think that any benefits reaped by lifting the embargo would go to the government and not to the Cuban people. And I think also that in terms of tourism, I think it only—what you have is you have tourists who are able to go to places that Cuban people cannot go to; and just as you said, Congressman, that the person who is getting married cannot go to the resort that a tourist could go to, yet Cuba is their country. So that is my opinion.

Mr. SABATINI. I will just follow up on one point. I think the critical issue is the Cuban Government collects basically 90 percent of what investors pay to their workers stays with the Cuban Government until investors can contract directly with their labor, which is a fundamental internationally recognized labor right. I don't think lifting the embargo will do much good for the common Cuban person or certainly the common Cuban worker. Having said that, I think we should think Cuban embargo not as a monolithic entity but as a way that we can begin to entice the sorts of reforms that can promote that sort of direct person-to-person contact and even investor-to-worker contact.

Mr. SIRES. In terms of the Colombia trade agreement, do you think that we are wrong in putting all our eggs in one basket with this trade agreement as far as this country is concerned?

Mr. SABATINI. With Colombia?

Mr. SIRES. With Colombia.

Ms. MENGES. Excuse me, what is the question?

Mr. SIRES. The question is: Do you think this country is wrong in putting all its eggs in one basket in terms of promoting the development and the Free Trade Agreement with Colombia? Do you think we should be doing something else besides this?

Ms. MENGES. Well, I would like a shot at that question.

Mr. SABATINI. Go ahead. Go first.

Ms. MENGES. I think, to the contrary, it is critical that——

Mr. ENGEL. Can you pull the microphone a little closer?

Ms. MENGES. I am sorry.

Mr. ENGEL. That is better.

Ms. MENGES. I believe it is critical that we have a Free Trade Agreement with Colombia. I think that we hold Colombia and President Uribe to a standard that is so unrealistic in terms of—for many people, a lack of understanding of the kind of insurgency that Colombia has been fighting for the last 40 years. The FARC is a narcoterrorist organization. It terrorizes the Colombian people. President Uribe has an 80 percent popularity rating in his country. He is beloved by Colombians. Most Colombians want him to run yet for a third term, but it is against their constitution, so he most likely won't. Colombia—their next Presidential election is in 2010.

There is a chance at that time, since President Uribe cannot run, that the leftist party called Polo Democratico could take control of the government. Polo Democratico is very close to the FARC. The FARC is very close to Chavez. And in terms of the trade itself, I am kind of getting off the mark here, but in terms of the trade itself, what I have been told, that a couple of the chief exports from Colombia are coffee and flowers and that this is not going to take away jobs from American workers. But it will—I believe that the United States must support its friends in the region, especially when they are under attack and the FTA is one of the strongest signals that we are doing that.

Mr. ENGEL. Let me ask Mr. Sabatini to answer that question. We have to be out of here in about 7 minutes.

Mr. SABATINI. I will take less than 7 minutes certainly. First, the economic benefits. Most of Colombian exports enter the United States market already duty-free under ATPDEA. So the argument that there would be a loss of U.S. jobs is simply spurious. The benefit is primarily for United States investors who could invest or exporters who could export to Colombia without tariffs. Colombia would benefit because of the economic and traditional and legal security that would be afforded by an FTA with Colombia. But the benefits are primarily for U.S. businesses. There is no threat to U.S. jobs.

Second, we must remember that the free trade agenda in the Americas is a bipartisan agenda. It started that way in 1994. And I believe that the strongest most effective foreign policy is one that cuts across partisan lines, and that is why we cannot walk away from this right now, because they did negotiate with the U.S. in good faith at the initiative of the Clinton administration.

Now, let me just make a third point. We also have to recognize the very real advances that Colombia has made in terms of economic reforms, in terms of improving security, in terms of improving its institutions, even meeting the demands and interests of the ILO and human rights groups to try to prosecute and investigate those cases of disappeared unionists. Now, have we oversold trade, and are we perhaps overselling this notion of the Free Trade Agreement as our primary agenda within the hemisphere right now? Possibly. Possibly. That is why I think precisely the development assistance packages that Congressman Engel has proposed are also important to demonstrate that our agenda in the Americas is not just trade. It is necessary, but it is not sufficient. But I think, right now, given the political conditions, given the commitment that Colombia has made to us, it is essential that we push this through.

Mr. ENGEL. Thank you. Let me, if I might, just ask one final question which pertains to Cuba. I have, as I have said in my opening statement, supported the embargo because I believe very strongly that if a government of a dictatorship like we have had in Cuba doesn't allow for any kind of political pluralism, to me, they fail the test. And when people question, why is there an embargo on Cuba when there is not an embargo on some other unsavory nations, I think that there are a number of reasons for it. Part of it is that Cuba is very close to the United States, and you have to look at the history of how it all started.

I heard the witnesses, all of you, the two of you and Dr. Purcell also, as well saying that we shouldn't lift the ban on tourism because tourism gives us some—gives the government in Cuba revenue and whatever. But I have had people in to see me who say that perhaps we should take a small step like lifting the travel ban and see if there is any change in the Cuban Government, in Raul Castro's government, and judge accordingly. What if that was to be considered? What would you say about that? And I don't mean travel ban so tourists can go and sun themselves on beaches. I mean, family travel ban, because I have had a number of people who—Cuban Americans who support the embargo, but some have said—not all, few—most think we should just keep the embargo in total. But some say, well, what about lifting the travel ban for families so someone could visit a sick parent and then not have to think, well, if I see my parent when they are sick and she dies within 3 years, I cannot go to the funeral. Might it make sense to lift some of those family travel bans?

Mr. SABATINI. Let me say first, the Council of the Americas is not to give a position on the embargo. I am answering in a personal capacity.

We have to think of the embargo as not being monolithic, and there are elements that can be adjusted to change it immediately without any sign of change on the part of the regime is making concession for no reason. That is just bad diplomacy. Having said that, there are elements, like the travel ban for relatives, Cuban relatives, that we need to seriously evaluate whether the economic cost to the regime of not allowing those relatives to travel to Cuba is worth not allowing relatives who want to see their dead or dying or close family members inside Cuba. We need to consider also the human cost of that particular travel ban. Tourism is a different issue. There is also the issue of cultural exchanges and educational exchanges. But I think we need to really—if the intention is to starve the regime of funds, which it clearly has in the last 8 years with its change in travel ban, I think we need to re-evaluate that. Is the cost worth what is happening for families and their inability to travel as frequently as they would like and the cost in terms of good free flow of information that can actually empower people, Cuban people across the island?

Mr. ENGEL. Thank you. And I think that will have to be the last word on this. Ms. Menges, do you have something quick to—I promised them we would be out of here. I think we have 1 minute.

Ms. MENGES. No, Congressman Engel. I will pass.

Mr. ENGEL. Let me thank both of you for testifying. And I think you have certainly given us all some food for thought. And the subcommittee hearing is now completed. Thank you.

[Whereupon, at 6:02 p.m., the subcommittee was adjourned.]

APPENDIX

Material Submitted for the Hearing Record

UNITED STATES COMMISSION ON INTERNATIONAL RELIGIOUS FREEDOM

Statement for the Subcommittee on the Western Hemisphere Hearing:
"With Castro Stepping Down, What's Next for Cuba and the Western Hemisphere?"

President Fidel Castro's resignation gives the Cuban government an opportunity to reject its repressive past and chart a future course in which long-trampled freedoms and human rights are protected. Since 2004, the United States Commission on International Religious Freedom has kept Cuba on its Watch List of countries that require close monitoring due to the nature and extent of violations of religious freedom engaged in or tolerated by their governments. Today, the Commission urges the U.S. government to press Cuba through all available diplomatic channels to release all political prisoners, repeal repressive laws, and lift restrictions on freedom of thought, conscience, and religion or belief.

The Cuban government abandoned its policy of atheism in the early 1990s; Castro welcomed a visit from Pope John Paul II in 1998, and two years later, religious holidays were reinstated. Those improvements did not last. A wave of arrests of democracy and free-speech advocates began in 2003, and the old tactics of restrictions and surveillance returned. The world saw once again a series of acts that demonstrated the authorities' attempts to impose inappropriate control over religious communities. A 2005 law on religion meant to "legalize" house churches has reinforced the government's efforts to increase control over some religious practice. Political prisoners and human rights and pro-democracy activists are increasingly subject to limitations on their right to practice their religion.

The Commission recommends that the U.S. government use all diplomatic means to urge the Cuban government to undertake the following measures:

- revise government Directive 43 and Resolution 46, restricting religious services in homes or other personal property, as well as other national laws and regulations on religious activities, to bring them into conformity with international standards on freedom of religion or belief;
- cease, in accordance with international standards, interference with religious activities and the internal affairs of religious communities, such as denials of visas to religious workers, limitations on freedom of movement of religious workers, infiltration and intimidation of religious communities, arbitrary prevention of religious ceremonies and processions, and attempted interference in the elections in religious bodies;
- order, publicly and officially, the state security agencies to end the instigation of mob violence against religious persons and other human rights activists, including those recently released from prison; the mistreatment of indigenous religious communities; and the harassment of the spouses of imprisoned human rights activists during religious services and hold those involved in any further incidents accountable for their conduct; and
- take immediate steps to end restrictions on religious activities protected by international treaties and covenants, which include the following measures:
    - ending the practice of arbitrarily denying registration to religious groups, as well as detaining or harassing members of religious groups and interfering with religious activities because of that unregistered status;
    - issuing permits for construction of new places of worship;
    - ending the practice of evictions and requisition of personal property of religious individuals or communities without due process, restitution, or provision of alternative accommodation;
    - securing the right to conduct religious education and distribute religious materials; and
    - lifting restrictions on humanitarian, medical, charitable, or social service work provided by religious communities and protecting persons who conduct such activities in Cuban law.